

THIS DOCUMENT IS IMPORTANT.

IT IS AN OFFER INFORMATION STATEMENT UNDER SECTION 715 OF THE CORPORATIONS ACT 2001 AND IS NOT A PROSPECTUS. IT HAS A LOWER LEVEL OF DISCLOSURE REQUIREMENTS THAN A PROSPECTUS AND INVESTORS SHOULD OBTAIN PROFESSIONAL INVESTMENT ADVICE BEFORE ACCEPTING ANY OFFER OR INVITATION TO SUBSCRIBE FOR SHARES CONTAINED HEREIN.

OFFER INFORMATION STATEMENT

FOR AN ISSUE OF UP TO 500 CUMULATIVE REDEEMABLE PREFERENCE SHARES ON THE BASIS THAT EACH MEMBER ON THE RECORD DATE TO DETERMINE ENTITLEMENTS TO THE ISSUE WILL BE ENTITLED TO APPLY FOR ONE REDEEMABLE PREFERENCE SHARE AT AN ISSUE PRICE OF \$1,000.00 (ONE THOUSAND DOLLARS). THE ISSUE PROPOSES TO RAISE UP TO \$500,000 WITH A MINIMUM SUBSCRIPTION AMOUNT OF \$330,000.

SHARES NOT SUBSCRIBED FOR BY MEMBERS MAY BE SUBSCRIBED FOR BY THE PUBLIC UNDER THE SHORTFALL OFFER CONTAINED HEREIN.

THE PREFERENCE SHARES WILL BE LISTED ON NSX AND, SUBJECT TO COMMENCEMENT OF MINING AT MOUNT ROMMEL'S GLENFINE PROJECT, WILL BE REDEEMED OR BOUGHT BACK FROM PRODUCTION OF GOLD FROM THAT PROJECT AT THE RATE OF UP TO TWO (2) OUNCES OF GOLD FOR EACH PREFERENCE SHARE REDEEMED OR BOUGHT BACK.

ANY INVESTMENT IN THE COMPANIES SECURITIES INCLUDING THE PREFERENCE SHARES SHOULD BE CONSIDERED SPECULATIVE

THE ISSUE IS NOT UNDERWRITTEN

This Offer Information Statement (OIS) is an important document and should be read in its entirety. If after reading this OIS you have any questions about the securities being offered for subscription under the OIS then you should consult your professional advisor.

MOUNT ROMMEL MINING LTD ACN 005 583 031

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Frederick L Hunt (Executive Director, Chairman)
Hamish Hunt (Non-Executive Director)
John G Miedecke (Non-Executive Director)

COMPANY SECRETARY

Melanie J Leydin

REGISTERED OFFICE

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AUDITOR

MSI Ragg Weir
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Hawthorn Vic 3122

STOCK EXCHANGE LISTING

Mount Rommel is listed on National Stock Exchange of Australia Limited ("NSX")

NSX CODES

MMT (Shares)
MMTCC (partly paid shares)
MMTOB (Options expiring 31/08/09)

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SUITABILITY OF INVESTMENT AND RISK FACTORS

Before deciding to invest in Mount Rommel potential Investors should read the entire OIS and in particular any technical information and the risk factors that could affect the future operations and activities of the Company. They should carefully consider these factors in the light of their personal circumstances (including matters related to their financial capacity and position, taxation affairs and their investment and risk profile) and seek professional advice from their accountant, stockbroker, lawyer or other professional advisor before deciding to invest in any securities the subject of this OIS. They should understand that unless Mount Rommel is able to successfully carry on the proposed mining operations at Glenfine they may lose part or all of the value of their investment.

APPLICATION FOR LISTING ON NSX

Application will be made for the Listing of all Preference Shares offered under this OIS on NSX. The fact that NSX may list the Preference Shares is not to be taken in any way as an indication of the merits of the Company or the Preference Shares. National Stock Exchange of Australia Limited takes no responsibility for the contents of the OIS, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of the OIS.

SECTION 1

INVESTMENT HIGHLIGHTS

MOUNT ROMMEL HAS:

- Defined a “*Probable Ore Reserve*” under the JORC Code of an estimated 40,000 tonnes of mineralized material grading between 1.7 g/t au and 3.6 g/t au. The estimated *average overall* grade is 2.7 g/t au indicating approximately 3,472 ounces of contained (in situ) gold. (page 7).
- The estimated average recovery grade is 2.5 g/t au: indicating that, after payment of estimated mining costs, Mount Rommel’s estimated share of net gold recovery is 1,408 ounces at a recovery rate of 84% and 1,520 ounces at a recovery rate of 88%. (page 8).
- This “*Probable Ore Reserve*” will become a “*Proven Ore Reserve*” on Mount Rommel obtaining all necessary permits and work authorities to mine (“Approvals”). All Approvals will be obtained before the bulk of funds raised under this OIS are spent. (page 23). Under the JORC Code “*A proved ore reserve represents the highest confidence category of reserve estimate*”. (page 27).
- If the Approvals are not obtained by the Mining Approval Date, the Preference Shares will be bought back and the subscription moneys effectively refunded in cash or, to the extent then spent, by issue of ordinary shares in Mount Rommel at 10 cents an ordinary share. (pages 4 and 30).

MOUNT ROMMEL:

- Is offering up to 500 Preference Shares for subscription at an issue price of \$1,000 each. (pages 3 and 16).
- Will, provided it obtains Mining Approval by the Mining Approval Date, redeem or buy-back those Preference Shares under the Corporations Act from its share of the net production of gold from Glenfine by paying up to 2 ounces of gold (approximately A\$2,400 in value based on gold prices and exchange rates at Monday 11th May 2009) for every Preference Share subscribed for at \$1,000. (pages 5 and 30).
- Estimates it will have sufficient net production to redeem the Preference Shares whether it achieves minimum subscription (330 Preference Shares) or full subscription (500 Preference Shares).

THE AMOUNT OF GOLD OR VALUE PAYABLE ON BUY-BACK OR REDEMPTION:

- depends on Mount Rommel’s share of net gold production from Glenfine. (pages 4 – 5 and 30).
- minimum subscription of 330 Preference Shares requires a net 660 ounces of gold to redeem the Preference Shares out of an estimated net 1,408 ounces to 1,520 ounces.
- Full subscription of 500 Preference Shares requires a net 1,000 ounces of gold to redeem the Preference Shares out of an estimated net 1,408 ounces to 1,520 ounces.

THE PREFERENCE SHARES ARE A SPECULATIVE INVESTMENT WHICH:

- Will be listed for quotation on NSX and be tradeable on that stock exchange. (pages 13 and 18).
- Will be redeemed or bought back under the Corporations Act by 31 December 2010 at the latest: but earlier if possible as it is Mount Rommel’s preferred aim to redeem or buy them back 12 months after issue. (pages 4 and 5 and page 30).
- Provide Members with an opportunity to access gold production at a fixed cost which is less than 50% of the current price of gold per ounce: assuming the assumptions set out herein are correct and Mount Rommel successfully completes its operations at Glenfine.
- Provide upside and the prospect of reward for those investors who fund the Glenfine Project in preference to those passively holding ordinary shares.
- Have downside and the prospect of loss for investors if Mount Rommel’s production from Glenfine is significantly less than estimated or if mining or other costs are significantly greater resulting in significantly less net production of gold to which Mount Rommel will have access to redeem or buy-back the Preference Shares.

SECTION 2

CHAIRMAN'S INVITATION

Dear Investor –

Mount Rommel Mining Limited ("Mount Rommel") has recently completed an exploration program on its tailings project at Glenfine.

Briefly Mount Rommel has carried out detailed work programs on its Glenfine project as reported to NSX and has prepared and lodged a work program for Glenfine with the Department of Minerals and Energy.

All of the data accumulated by Mount Rommel has been lodged with NSX and, in addition, appears on Mount Rommel's website www.mountrommel.com.au.

Copies of those releases and other documents are available from NSX and the Mount Rommel website.

All data released by Mount Rommel of a geological nature or technical information has been prepared by Mr Hunt as a "Competent Person" in accordance with the JORC code.

The information in this OIS or referred to in this OIS as released to NSX that relates to Exploration Results and Mineral Resources is based on information compiled by Frederick L Hunt (MIE Aust. CPEng., M.Aus.IMM) who is a Member of The Australasian Institute of Mining and Metallurgy

Mr Hunt is a full-time employee of the company. Mr Hunt has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hunt consents to the inclusion in this OIS of the matters based on his information in the form and context in which it appears.

This OIS seeks to raise funds, primarily from the members of Mount Rommel, to fund:

- the finalization of the work program for Glenfine;
- the obtaining of all necessary permits and approvals to enable Mount Rommel to commence mining operations at Glenfine; and
- the construction of a treatment plant to treat the tailings sands at Glenfine with the aim of recovering the gold contained therein or such amount as may be recoverable utilising the plant to be constructed.

Details of that proposed plant and the budgets for these matters are set out in the Use of Funds Statement in Section 8 below.

Mount Rommel contemplates that it will obtain all necessary permits and authorities to commence mining ("Mining Approval") within 9 months from the Closing Date of the Issue. The date on which Mining Approval is obtained is called the Mining Approval Date.

Conditional Offer

The Offer of preference Shares contained in this OIS is conditional upon the Members of Mount Rommel approving the terms of issue of the Preference Shares at a meeting of Members of Mount Rommel to be held on 20th June 2009 at the premises of BHM Stainless Group, 28 Lawson Crescent, Thomastown Vic 3074 at 10.30 a.m.

Consequently, the Offer hereby made is a conditional offer and if the meeting does not pass the resolutions put to it then the Issue will not proceed and all subscription moneys will be refunded in like manner as required under

Section 724 of the Corporations Act 2001 as if the NSX had not agreed to grant official quotation to the Preference Shares. In such event all subscription moneys would be returned without interest.

The notice of Meeting for that meeting will be despatched to Members prior to the despatch of this OIS to Members and Members should read the Notice of Meeting and accompanying Explanatory Memorandum carefully. In brief, 2 resolutions will be put to the meeting. The first is to amend Mount Rommel's constitution to permit the Directors to issue the Preference Shares and the second is to permit Directors, all Members with more than 10% of the shares in Mount Rommel, Related Parties and their respective associates to participate in the Issue. Importantly the resolution proposes that all such persons can participate up to the level they could if the Issue was a pro rata entitlements issue and it is further proposed that, if there is any shortfall in subscription by the Members generally, those persons may apply for that shortfall.

Overview of the Offer

The Offer comprises an offer of cumulative redeemable preference shares ("Preference Shares") on the terms set out in Section 10 below.

Under the Offer, each person registered as a member of the Company on the Record Date will have an entitlement to subscribe for one (1) Preference Share at an issue price of \$1,000 per Preference Share subject to the over-riding provisos that:

- if Mount Rommel has more than 330 Members at the Record Date then applications will be processed and Preference Shares issued and allotted at the rate of one (1) Preference Share per Member in priority of receipt. Subject to the decision of the Directors as to whether they will accept applications for more than the Minimum Subscription, and subject to the considerations noted below under the sub-heading "Treatment of Members Applications", this may mean that applications will be scaled back: either to one Preference Share or some other number and that Members who are late in applying may not be issued and allotted any Preference Shares.
- the maximum number of Preference Shares that will be issued and allotted is 500;
- save as set out above acceptance or rejection of Applications is within the sole discretion of the Directors.

Treatment of Members Applications

All Members of Mount Rommel may apply for at least one Preference Share: subject to the proviso that if Mount Rommel has more than 330 Members at the Record Date then applications from Members on the Register at the Date of this OIS will be given priority and as between all other Members, their Applications will be processed and Preference Shares issued and allotted at the rate of one (1) Preference Share per Member in priority of receipt.

In determining priority of allotment (apart from this minimal entitlement of one preference Share per Member), the Directors will generally prefer to allot Preference Shares under the Shortfall Offer to longer term members who, by their continued holding, have shown investor loyalty to Mount Rommel and its needs. The Directors believe that it is appropriate that those Members (whose investment has been at risk longest) should be able to take greatest advantage of this opportunity.

A personalized Entitlement and Acceptance Form which sets out each Member's entitlement as at the Record Date to subscribe for One (1) Preference Share will accompany this OIS. That Entitlement and Acceptance Form will also provide Members of Mount Rommel the facility to apply for additional Preference Shares.

The directors reserve an absolute discretion as to whether, subject to each Member being entitled to apply for One (1) Preference Share, they issue and allot more Preference Shares than satisfy minimum subscription requirements.

Assuming Minimum Subscription, the total number of ounces of gold which would be delivered up on redemption or buy-back would be 660 ounces.

Assuming full subscription, the total number of ounces of gold which would be delivered up on redemption or buy-back would be 1,000 ounces.

The minimum subscription for the issue is \$330,000 and these funds will be applied as set out in the Use of Funds Statement in Section 8 below.

Applicant's Acknowledgements Covenants and Warranties

Because of the speculative nature of the Issue Mount Rommel **requires** as part of the terms of issue that Applicant's acknowledge and agree various matters as set out in more detail under the terms of the Offer in Section 6 below. These matters are partly formal and partly directed to ensuring Applicant's carefully consider the nature of the Offer being made and ensure that, among other things, investment in the Preference Shares meets their risk profile, and investment parameters.

Applicants must read the "Applicant's Acknowledgements Covenants and Warranties" in Section 6 below as these Acknowledgements Covenants and Warranties limit the liability of Directors and officers Preference Shareholders under this OIS.

Overview of terms of Preference Shares

Full details of the terms of issue of the Preference Shares are set out in Section 10 below and you should read those terms and conditions carefully and seek advice thereon if you do not understand them or any aspect of them.

The Preference Shares are preference shares within the meaning of the Listing Rules of NSX but you should note that some of their terms are unconventional in that:

- they carry the right to a cumulative dividend of 1.5% per annum payable only if Mount Rommel is both profitable and the profits are derived from the Glenfine project;
- they carry the same rights to vote as ordinary shares. Consequently, for the purposes of the Corporations Act the Preference Shares are voting shares. These voting rights differ from those of normal preference shares as the holder of a preference share is normally entitled to vote only at a meeting convened for the purposes of reducing the capital, or winding up, or sanctioning a sale of the undertaking, where the proposition to be submitted to the meeting directly affects his or her rights and privileges, or when the dividend on the Preference Shares is in arrears more than 6 months.
- they do not carry any rights to participate in future issues of shares or options;
- whilst the Preference Shares are preference shares within the meaning of the Listing Rules of NSX they are also Loan Securities within the meaning of those Listing Rules;
- they are subject to buy-back by Mount Rommel if Mount Rommel has not obtained Mining Approval by the Mining Approval Date. In this instance the Preference Shares will be bought back by re-payment of the Application Moneys to the extent to which they have not been expended at that date. To the extent that the subscription moneys have been so expended the Preference Shareholders will issued and allotted ordinary shares in Mount Rommel at an issue price of \$0.10 per share to the value of the moneys expended and in respect of any dividends accumulated but not paid. The Application Form constitutes a formal consent by each Applicant to be placed on the Register of Members of Mount Rommel in relation to all such shares and constitutes an application for the issue of such shares when and if allotted.
- if Mount Rommel obtains Mining Approval by the Mining Approval Date and has commenced mining operations at Glenfine then Mount Rommel has an obligation to either:

buyback;

or,

redeem;

the Preference Shares not later than 31 December 2010 on the basis that, for every Preference Share subscribed, the holder of the Preference Share has the right to receive, direct from Mount Rommel as consideration for the redemption or buyback, portion of the value of the gold produced from Glenfine to which Mount Rommel is entitled as its share of production.

- The amount of gold to which each holder will be entitled on redemption or buyback by Mount Rommel will be either a maximum of 2 ounces of gold for every Preference Share or a payment to that value: depending on the Preference Shareholder's requirements. Mount Rommel may, at its sole election, redeem or buy-back the Preference Shares at an earlier date but is unlikely to buy them back until at least 12 months after issue for 2 reasons: first, earlier buy-back would affect any capital gains tax benefits which Preference Shareholders may have arising out of holding the Preference Shares for in excess of 12 months and, secondly, mining operations may not be completed at Glenfine until 12 months after issue.
- to the extent that the net production of gold to which Mount Rommel is entitled from production from Glenfine is less than that amount which, after sale of gold to meet its share of "Project Operating Expenses" is less than that required to redeem or buyback all the shares on the terms set out herein (at 2 ounces of gold for every Preference Share) then the amount of gold or value thereof payable by Mount Rommel to redeem or buyback each Preference Share will reduce proportionately so that each Preference Share is treated equally.
- both the Redemption Notice and the Buyback Notice to be given by or to the Preference Shareholder enable the election to have the redemption or buy-back proceeds paid in cash or satisfied by delivery of gold.

You, as an Applicant, should understand that a risk must exist that, although Mount Rommel obtains Mining Approval by the Mining Approval Date, there can be no assurance given by Mount Rommel that it will be able to successfully produce gold from Glenfine, either at all or in sufficient quantities to enable it to buy-back or redeem the Preference Shares as contemplated at the rate of 2 ounces of gold (or value thereof) for every Preference Share. In this case you will receive less than that amount on redemption or buy-back of the Preference Shares and, in an extreme case may receive no payment from Mount Rommel for your Preference Shares at all. While the Directors consider this unlikely given the information known and released to NSX about the Glenfine Project, this must be a risk which arises from the nature of mining and exploration. Applicants should refer to the risk factors detailed throughout this OIS as well as in Section 9 below.

Buy-back

The intention is that whether the Preference Shares are redeemed or bought back, all Preference Shareholders will receive the same value for each Preference Share.

The alternative of buy-back or redemption is required because under Section 254K of the Corporations Act redemption of redeemable preference shares may only be funded from "*profits that would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption*".

While Mount Rommel hopes that its operations at Glenfine would be profitable during the financial year in which the Preference shares are to be redeemed (which is likely to be the year ended 30 June 2010) to enable redemption to take place, it is recognised that Mount Rommel may have to buy-back the preference Shares instead of redeeming them.

Although the effect of redemption or buy-back is the same, in that the Preference Shares are cancelled on either redemption or buy back, the provisions of the Corporations Act recognise that it is possible to buy-back redeemable preference shares in circumstances where they cannot be redeemed. Redeemable preference shares may be bought back under the buyback provisions of the Corporations Act regardless of whether the company buying them back is, or is not, profitable. Note 2 to section 257A of the Corporations Act recognises this.

Given that the gold (or the value thereof) to be distributed on redemption or buy-back is from net gold remaining as belonging to Mount Rommel after payment of all Project Operating Costs (representing, in effect, any net cash operating surplus due to Mount Rommel from such operations) ignoring other corporate costs and expenses of Mount Rommel during the period and ignoring all non-cash items such as depreciation, it may be that Mount

Rommel does not achieve a sufficient level of profitability from the Glenfine Project to allow it to redeem the Preference Shares, in which event, they will be bought back under the buy-back provisions of the Corporations Act.

You, as an Applicant, should be aware that there are restrictions under the Corporations Act on the distribution of ordinary shares in Mount Rommel to you in conjunction with buy-back as referred to herein without Mount Rommel having obtaining your express and actual consent for the ordinary shares in Mount Rommel to be issued to you at the time of buy-back in the circumstances where Mount Rommel fails to obtain Mining Approval by the Mining Approval Date. Consequently you should be aware that, by applying for the Preference Shares offered for subscription under this issue, you are expressly consenting to receive ordinary shares in Mount Rommel by way of partial compensation for loss on the Preference Shares being bought back in that case and that, by subscribing for the Preference Shares on the basis set out in the Offer, you are expressly giving that consent and also consenting to Mount Rommel placing your name on the Register of Members of Mount Rommel in relation to any of those ordinary shares. You are also applying to be issued any such ordinary shares so issued. If you do not consent to receive any Mount Rommel ordinary shares on the above basis and do not consent to being placed on the Register of Members of Mount Rommel in relation thereto you should not apply for any of the Preference Shares offered pursuant to this Issue.

A commentary on buy-back of shares and issues relevant to this Issue is set out in Section 11 below under the heading “**Buyback, ASIC and Corporations Act**”. Applicants should refer to that for further information.

The Glenfine Project

The Glenfine Project is situated 53 km south of Ballarat and is more than 75 km from Mount Rommel’s two premier projects at Allendale and Clunes. Work on those projects is being deferred: pending bringing Glenfine into production.

As previously announced to NSX, Mount Rommel has completed a multi-style sampling program of the tailing sands at Glenfine, including 5 one metre diameter test pit and 6 smaller sized test pits for mineral assay and metallurgical samples.

Two other pits to a depth of 800 mm have investigated at least 400 mm of basaltic clays which exist below the sands, to obtain samples for clay property investigation purposes. Analyses have previously been carried out on material collected from 220 hand bores, and also (earlier) from surface soils downwind of Mount Rommel’s granted mining licence MIN 5492.

The Company has ensured the samples were collected correctly, then prepared and analysed by a well experienced laboratory working to Industry requirements.

The Directors also investigated for the presence of other metals such as arsenic, cadmium and lead so as to so as to identify, at the earliest stage, the presence or otherwise of products left on surface from mining in the years 1898 to 1908, which today would be regarded as “toxic” to the environment. These same elements are recognized by Mount Rommel for their potential to interfere with the gold recovery process, and therefore have been subject to careful study and analysis by Mount Rommel in recent months as released to NSX.

The Company has developed a preferred approach to mining and treatment – rather like (and similar in size to) the concept of a building “envelope” applied these days to urban house construction. This “envelope” can be seen on the photos and plans released to NSX on 6 February 2009 as being in two parts, corresponding to two separately positioned tailings areas, viz:

Panel 1: 30,000 tonnes (Stage 1)

Panel 2: 10,000 tonnes (Stage 2)

On the basis of the facts known at present the throughput rate of tailings sands proposed to be treated is 100 tonnes per day

It may be that to obtain a Government approved Work Plan to commence operations will require Mount Rommel's proposed mining plan to be modified but this is not known at this time.

Projected Mining Costs, Grades and Recovery Rates

As determined by Mount Rommel:

- the putative mining costs at Glenfine (excluding capital costs, depreciation and amortization but including compensation to landowners as agreed) approximate \$35 per tonne.
- metallurgical test work carried out in relation to the tailings sampled by Mount Rommel at Glenfine indicate that the tailings proposed to be treated by Mount Rommel contain approximately 40,000 tonnes of mineralized material of between 1.7 g/t au and 3.6 g/t au. The estimated average overall in situ grade as announced to NSX is 2.7 g/t au indicating approximately 3,472 ounces of contained (in situ) gold.
- metallurgical test work carried out in relation to tailings sampled by Mount Rommel at Glenfine also indicates recovery rates for those tailings which range from 84% to 88% depending on the nature of the material sampled and tested.

JORC Code compliant Probable Ore Reserve

Sampling, technical and cost of extraction studies on the tailings sands at Glenfine show that economic extraction of certain parts of the tailings which exist within MIN 5492 warrant classification as a Probable Ore Reserve. The quantity of the resource is estimated to be in the order 40,000 tonnes. The average head grade indicated is estimated at 2.7 g/t au with an estimated recovered grade anticipated to average 2.5 g/t au. In both instances with some credits for other recovered minerals, the value of which has been disregarded in the estimates referred to below which are derived from an economic model incorporating the assumptions set out in this Section.

That probable ore reserve as advised to NSX was derived from firm sampling data, confirmed by both additional sampling programs, and more intense sampling within the boundaries of the potential resource area. The basic technical data and sampling data on which the resource is based were included in an announcement made by Mount Rommel to NSX on 6 February 2009. Applicants should access that NSX release for further details.

That probable ore reserve is subject to what are defined by the JORC Code as Modifying Factors.

To achieve "proven" status within the meaning of the JORC Code, the Modifying Factors which cause the resource to be designated as "probable" need to be satisfied or removed..

The critical factors Modifying Factors referred to in the JORC Code relevant to Glenfine are those environmental and governmental factors critical to the viability of the project, including statutory approvals, permits, and the like, leading to the issue in Victoria of a Work Authority.

These factors are presently being addressed by Mount Rommel in discussions with the relevant authorities, including Heritage Victoria, and the Directors are reasonably confident that they will all be resolved or achieved.

From an Applicants point of view, the effective removal of the Modifying Factors will occur prior to the Mining Approval Date if at all and it is expected that minimal expenditure will take place prior to that Date. This is significant in terms of the redemption rights and buy-back obligations set out herein in Section 10 below to which Applicants are referred.

Essentially, that means that, prior to commencement of mining at Glenfine the Probable Ore Reserve should have been upgraded to a "Proven" Ore Reserve.

Applicants are referred to Section 9 below dealing with Business and Investment Risks where the nature of *Probable Reserves* and *Proven Reserves* within the meaning of the JORC Code is discussed at length. Applicants who wish to further investigate this issue should refer to Appendix 5A of the Listing Rules of ASX Limited which sets out the JORC Code in full.

Estimated Recoveries

All of the above indicates to Mount Rommel, that based on the data advised to NSX, that the net amount of gold **recovered** could be between:

- 2,916 ounces (value approximately A\$3,537,000 at a recovered grade of 84%, an exchange rate of A\$1.00 = US\$0.75 and a gold price of US\$910.00);

and;

- 3,055 ounces if the recovered grade reaches an average 88% (value approximately A\$3,700,000 on the same assumptions).

Assuming mining costs of \$35.00 per tonne (total \$1,400,000):- equivalent to approximately 1,155 ounces au at an exchange rate of A\$1.00 = US\$0.75 and a gold price of US\$910.00; Mount Rommel's net share of gold from which to redeem the Preference Shares could be between approximately 1,408 ounces (using an 84% recovery rate) and 1,520 ounces (using an 88% recovery rate) depending on the exact configuration and content of the tailings sands deposited on site.

Based on putative mining costs and other assumptions as referred to above, it is assessed by the Directors that, if those assumptions are correct, there is the prospect that Mount Rommel will recover as its share of production (after payment of mining costs) gold to the value of an approximate net \$1,700,000 (an approximate net \$40 per tonne treated: at a gold recovery rate of 84%) up to gold to the value of an approximate net \$1,840,000 (an approximate net \$45 per tonne treated: at a gold recovery rate of 88%) from Glenfine with which to fund redemption or buyback of the Preference shares.

Qualifications and Uncertainties

However, Applicants should also note that if the estimates of tonnage and grade vary in practical terms for any reason, then the projected amount of gold in situ may be less. Also if the actual recovery rates for those tailings are different from indicative rates then likewise the net amount of gold recovered to which Mount Rommel may be entitled could differ significantly (also more or less). Finally, the output from the model will change with the price of gold, exchange rates, increases or decreases in mining costs (whether caused by delays or howsoever) and a myriad of other factors which affect any mining operation and many of which are adverted to in Section 9 below dealing with risk factors.

It is sufficient to say that the Directors consider the Glenfine Project as likely to be sufficiently productive to more than fund redemption or buyback of the preference Shares provided there are no major underlying changes in the above assumptions and assuming that the data on which the Probable Ore Reserve was estimated are not shown, in operations, to be wrong.

Landowner Compensation

On 21 April 2009, in a mediation hearing chaired by the Victorian State Mining Warden, the Company and the owners of the land on which MIN 5492 is situated, and which underlies the Glenfine Project, reached accord as to the terms of full and final settlement of Glenfine landowner compensation. Formal signing of this Agreement took place before the Warden on 27 April 2009 as was released to the NSX on 27 April 2009.

Briefly the arrangements with the landowners provide that:

- an amount of \$30,000.00 is payable on the date that the planning permit for MIN 5492 issues; and
- an amount of \$30,000.00 payable on the date that is 12 months after the payment in (a).

The commercial importance of settlement to Mount Rommel is that formal registration of the agreement resolves a critical pre-requisite to progress to mining at Glenfine. Settlement means that the series of procedures required to obtain approval of a work plan and the necessary authorities to commence work in accordance with that work plan

when approved under the Mineral Resources (Sustainable Development) Act 1990 (the "MRD Act") may now continue.

In particular, settlement of this issue also allows the Directors to thoughtfully plan for the end-use of the site in concert with Heritage Victoria, who until now were unable to contribute in any way.

Ongoing Benefits to Mount Rommel

If the proposals set out herein are implemented in full then Mount Rommel will benefit in that:

- it will retain ownership of the plant and equipment purchased by utilising the Subscription Moneys as set out in the use of Funds statement set out in Section 8 below;
- any gold recovered in excess of the amount applied to redeem or buyback the Preference Shares will belong to Mount Rommel for its own use absolutely.

Possible Tax Effect on Mount Rommel

One consequence of the proposal to issue the Preference Shares and thereafter to redeem them or buy them back on the terms proposed will be that to the extent that profits are generated from the Glenfine Project, those profits may offset, in whole or in part, any future tax benefit from tax losses currently available to Mount Rommel and possibly give rise to taxable income.

As at 30 June 2008 Mount Rommel had tax losses of \$863,266.

The consolidated loss for the half year of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$123,393 (2007: \$111,532).

Underlying Assumptions and Independent Advice

All persons reading this OIS should analyse the assumptions set out above and form their own opinion as to the sufficiency or otherwise of those assumptions and as necessary seek independent advice as to whether those assumptions are valid. Certain of the assumptions on which any economic model is constructed will, by their very nature, be arbitrary.

No Profit Forecasts or Projections

The information set out above is based on the stated assumptions in an economic model. The outcome of any economic model will vary with inputs. The model cannot be used to forecast or project profits or losses because it is limited to considerations of specific project economics.

Further, it is **not** possible to forecast or project that Mount Rommel will derive a profit from operations at Glenfine.

While base case economics based on Mount Rommel's knowledge of the deposit at Glenfine and the metallurgy of the deposit (including indicative recovery rates) as well as anticipated mining costs indicate to Mount Rommel that it should have a significant cash operating surplus from mining operations at Glenfine, a wide range of factors which are outside the control of Mount Rommel will determine the amount of operating cash flow and whether Mount Rommel achieves a net positive cash flow from those operations and whether it makes a profit from those operations.

Even if Mount Rommel makes a net cash operating surplus from its operations at Glenfine that should not be regarded as a profit projection or forecast for Mount Rommel generally.

The information set out in this OIS does not constitute either a profit forecast or a profit projection: nor is it intended to do so.

This Offer is being made both to Members and generally to the public who would like to participate in the possible economic benefits of mining the tailings at Glenfine. While Mount Rommel has defined a JORC compliant Probable Ore Reserve as referred to above and as released to NSX, no economic benefit from that resource should be assumed as certain as the Company must first obtain Mining Approval before undertaking any mining activity and then must be able to successfully exploit and mine that resource to the extent it exists. Applicants should also understand that there must always be uncertainty about any resource or reserve calculation and should read the commentary on resources and resource and reserve calculations set out in Section 9 below dealing with Business and Investment Risks.

Notwithstanding the above, the Directors consider that an investment in the Preference Shares has the prospect of significant upside as evidenced by the detailed work carried out at Glenfine as released to NSX by Mount Rommel and as contained herein or referred to herein.

Directors and Related Parties

It is proposed that subject to the meeting of Members passing the resolutions to be put to the General Meeting to be held on 20th June 2009 as referred to above and in respect of which the Notice of Meeting will have been despatched by the Record Date (or subject to NSX granting a waiver to like effect), Directors and Related Parties will be entitled to participate in the Issue on the basis that subject to the prior right of each Member to be issued and allotted one (1) Preference Share on making valid application therefore (subject to the proviso in (b)), each of the directors of the Company, each Member holding at least 10% of the issued capital of the Company, each Related Party of the Company (within the meaning of the Corporations Act 2001 and each of their respective Associates within the meaning of the Corporations Act 2001 (all herein each called a "Related Party") will be authorised to participate in the proposed issue of Preference Shares as follows:

- (a) each Related Party shall be entitled to apply for and be granted not less than one (1) Preference Share subject to making valid application therefore; and,
- (b) in the event that the number of Members is less than 500 at the Record Date, each Related Party shall be entitled to apply for that number of Preference Shares that they would have been entitled to apply for had the Issue been a pro rata entitlements issue or rights issue on the basis that the number of Preference shares offered for subscription on a pro rata basis was 500 Preference Shares; and,
- (c) that if, after all other valid applications for Preference Shares made by Members pursuant to the Issue have been received, the full amount of the Issue (500 Preference Shares) has not been subscribed, each Related Party may apply for and be issued and allotted that number of Preference Shares as may think fit to apply for and which the Board may resolve to issue and allot;
- (d) that as between Related Parties applying for Preference Shares under (c) above, all such applications shall be accorded equal priority with each such application being scaled back as necessary to accord equality of treatment to all such Related party Applicants;

and that that any Preference Shares thereafter remaining unissued may be placed by the Directors to members of the public making application therefore either pursuant to any applications for Shortfall Securities permitted under the OIS or may be placed subsequent to the Close of the Issue to any person who is an "excluded offeree" within the meaning of Section 708 of the Corporations Act 2001 at any time within 3 months after the close of the Issue.

Minimum Subscription

Members should note that the minimum subscription is 330 Preference Shares to raise \$330,000 and that the issue of Preference Shares in excess of that number is in the discretion of the Directors.

At present Mount Rommel has 317 members. Given that it is not expected that all members will apply for Preference Shares it is expected by the directors that all existing Members wishing to apply for a Preference Share will be able to be issued same: This is however not guaranteed and Members appearing on the Register of Members after the date of this OIS are referred to the section on "**Treatment of Members Applications**" set out above as, if the number of Members increases beyond that 330 by the Record Date, Members applying too late will not have their applications accepted unless the Directors resolve to accept more than the Minimum Subscription.

To the extent that Members elect not to take up their entitlements under the Issue, Preference Shares will become available for subscription by members of the public.

Those members of the public who recognize this as an opportunity to subscribe for Preference Shares in what is considered by the directors to be an attractive investment proposition are encouraged to apply at an early date. While the Directors retain the absolute right to accept or reject any Application for Shares their present intention is to give applications from the public under the Shortfall Offer priority according to the date of receipt.

The Directors regard this Offer as very fair: at a time of excellent results in relation to Glenfine as produced by Mount Rommel leading into proposals for commencement of mining at Glenfine.

The Directors invite you to subscribe for the Preference Shares. However, before you make your investment decision I ask that you read this OIS carefully, and in its entirety, and if required seek financial or professional advice.

You should also carefully read all prior NSX releases made by Mount Rommel.

Yours faithfully

F.L. Hunt

SECTION 3

INTRODUCTION AND SUMMARY

The Issue will open on 14th May 2009 and will close at 5.00 pm AEST on 22nd June 2009, or at such other later date as the Directors may determine. The Directors expressly reserve the right to extend the Closing Date.

The Record Date to determine member's entitlements to the Issue is 26th May 2009 following which it is anticipated the Offer will be despatched to members by the Company's share registrar provided that the exposure period under s.724 of the Act has then expired. Subject to the exposure period not being extended by ASIC, despatch of the Offer to members is anticipated to be on or about 29th May 2009. Applications received during the exposure period will be dealt with in accordance with s.724 of the Act.

Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

Applications from members for additional Preference Shares (utilising the facility for this in the Entitlement and acceptance Form) or otherwise from members of the public (which may only be made on the Shortfall Application Form attached hereto) may be received at any time prior to the Closing Date under the Shortfall Offer and will be accepted or rejected at the directors' discretion.

Shortfall Applications will only be available to be satisfied from any shortfall in acceptances from members under the entitlements issue.

ACCEPTANCES

Acceptances of Shares offered pursuant to this OIS must be made on an Entitlement and Acceptance Form or Shortfall Application Form which will either be attached to and form part of this OIS or which will accompany this OIS, as specified in this OIS.

RIGHTS ATTACHING TO THE SHARES

The Preference Shares are a new class of shares. Details of the rights attaching to the Preference Shares are set out in more detail in Section 10 below. Applicants should also carefully read Section 11 below to understand the nature of the proposed buyback in the event that redemption is not possible.

NOT UNDERWRITTEN

This Issue is not underwritten.

INFORMATION

No person is authorized to give any information or to make any representation in connection with the Offer of Preference Shares described in this OIS which is not contained in this OIS. Any information or representation not so contained may not be relied upon as having been authorized by Mount Rommel in connection with this Offer.

SECTION 4

IMPORTANT INFORMATION

IMPORTANT DATES

Date of OIS: date of issue of OIS:	14 th May 2009
Opening Date (for Applications under Shortfall Offer*)	14 th May 2009
Record Date to determine member's entitlements to the Issue	26 th May 2009
Despatch of Offer to Members	29 th May 2009
Date of General Meeting to approve terms of Preference Shares	20 th June 2009
Closing Date – Latest date for acceptance and payment in full	22 nd June 2009
Allotment of Preference Shares	26 th June 2009
Despatch of Transaction Confirmation Statements	29 th June 2009
Commencement of Trading of Preference Shares on NSX	30 th June 2009

* While the Company may receive Applications for Preference shares under the Shortfall Offer from this date allotment of Preference Shares under such Applications will not be made until after the Closing Date. These dates are indicative only. The Company reserves the right to extend the Closing Date of the Offer, in which case the allotment date will change accordingly.

ALLOTMENT OF SECURITIES

No securities will be issued or allotted on the basis of this OIS later than 13 months after the date of this OIS. A copy of this OIS was lodged with the Australian Securities and Investments Commission ("ASIC") on 14th May 2009. ASIC takes no responsibility for the contents of this OIS. Once Minimum Subscription is reached, then subject to National Stock Exchange of Australia Limited ("NSX") agreeing to grant listing to the Preference Shares and the General Meeting on 20 June 2009 passing the resolutions to be put to it, the Directors will be entitled to proceed to allotment.

APPLICATION FOR LISTING

Application will be made for the Listing of all Preference Shares offered under this OIS on NSX. The fact that NSX may list the Preference Shares is not to be taken in any way as an indication of the merits of the Company or the Preference Shares. National Stock Exchange of Australia Limited takes no responsibility for the contents of the OIS, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of the content of the OIS.

EXPOSURE PERIOD

In accordance with Chapter 6D of the Act this OIS is subject to an Exposure Period of seven days from the date of lodgment with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this OIS to be examined by market participants prior to the raising of funds. If this OIS is found to be deficient, applications received during the Exposure Period will be dealt with in accordance with section 724 of the Act. Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on applications received during the exposure period and all applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

ELECTRONIC OIS

This OIS will be issued in paper form and as an Electronic OIS, which may be viewed online at the Company's website www.mountrommel.com. The Offer is available to persons receiving an electronic version of this OIS in Australia. The Act prohibits any person from passing the Application Form on to another person, unless it is attached to, or accompanied by, a complete and unaltered version of this OIS together with a complete and unaltered copy of any supplementary OIS, if any, which may be issued by the Company. During the Offer period any person may obtain a hard copy of this OIS by contacting the Company by telephone on (03) 9462 0739 (Mr Fred Hunt) or by email at info@mountrommel.com.

SECTION 5

ACTIVITIES AND MANAGEMENT

ACTIVITIES

Mount Rommel is active in exploration for gold in central Victoria as disclosed in its Annual Report for the year ended 30 June 2008 and as disclosed in its various announcements to NSX from time to time.

Its major projects are at Clunes and at Allendale.

Full details of those projects are available from Mount Rommel's website and from NSX.

At present Mount Rommel's primary focus is on obtaining all requisite approvals to mine tailings sands at Glenfine as set out in the Chairman's letter in this OIS.

MANAGEMENT

The Company is presently managed by its directors and the Company Secretary as set out below. Operational management of the Company's projects is under the direct control of Mr Fred Hunt, as Executive Director, and Chairman. The current directors and management of Mount Rommel comprise:

Frederick L. Hunt Chairman/CEO MIE Aust. CPEng., M.AusIMM

Fred Hunt has extensive experience in exploration, and is known for his work in the Ballarat District within the Central Goldfields of Victoria. Appointed as a Director on 8 November 1993, since October 2000 his principal interest has been the development of the Clunes-Tourello area as a stand-alone exploration precinct of significance within the gold fields of Victoria, and in better understanding of gold distribution under the basalt at Allendale.

Although Fred Hunt trained as a mining engineer, his career highlights demonstrate an ongoing involvement in mineral exploration. He either directed or was closely involved with the discovery of commercial mineralisation as follows –

1964, Great Adventure, North Queensland, high grade tin in sulphides (mined out).

1971, Queen Hill Extension, Tasmania, complex tin (unmined, multi Mt body).

May 1974, Que River, Tasmania (mined out 2.5 Mt @ 13.6% Zn, 7.6% Pb, with Cu, Ag, Au).

Sept., 1985, Ballarat East Goldfield, Victoria (gold in quartz).

He worked with others in 1971 to successfully restore ore resources at the former Cleveland Tin mine (SnCu) at Luina in Tasmania.

He is a former Director of private and public companies, some unlisted (Clunes Gold Mines Ltd., 2000/2001) and some listed or formerly listed (Ballarat Goldfields NL, Aloren NL, Western Gulf Mining Ltd (later Ballarat Consolidated Gold Ltd), and Golden Heritage Mining Ltd.)

Since 23 January 2004 his only directorships have been Mount Rommel and Bonshaw Gold Pty. Ltd.

Mr. Hunt is a former Executive Councillor of the Victorian Chamber of Mines. Between 1976 and 1981 he was the Mineral Industries Engineer for the then Victorian Mines Department. An Australian, his in-mine training took place in British Columbia and the North West Territories of Canada (1965-1967).

Hamish Hunt B.Ap.Sc. Ap. Chem., C. Chem., MRACI Non-Executive Director

Hamish Hunt is Managing Director, Financial Controller, and part-owner of the BHM Stainless Group Pty. Ltd. Hamish is an industrial chemist familiar on a day-to-day basis with a variety of large-scale commercial installations, and chemical industry plants. He has particular expertise in compliance procedures with respect to industries requiring the controlled use of chemical processes, both in Australia and the USA.

For the past ten years Hamish has headed Engineering / Construction compliance for the delivery of locally fabricated Stainless Steel Quality Assured equipment to USFDA, TGA (Aust), AS1210 C1, ASME IX/X & ANSI B31 levels for manufacturers of pharmaceutical products and high pressure petrochemical products in Australia. Compliance with these standards requires management of a technically skilled workforce coupled with the ability to deliver audit quality documentation that meets and/or exceeds the highest Global Bench Marks for construction.

In addition Hamish is an Internationally recognized Corrosion Control specialist and has worked extensively in the USA and Asia since 1990.

Hamish has been involved with the Mount Rommel project from inception and is committed to seeing the project grow from words on the page to a functional mine. With an extensive knowledge of chemical processes, understanding of high pressure construction environments – in particular confined space, and managing workforces operating in highly regulated environments he is well qualified to participate in the practical development of Mount Rommel's projects.

Mr John G Miedecke MIE Aust, Dip.CE., Dip.Nat.Res., Dip. Env.St. Non-Executive Director

John Miedecke is a civil and environmental engineer with over 30 years experience in the mining industry within Australia and internationally.

John was a founding director of Beaconsfield Gold NL in 1993 and was involved with the reopening of the gold mine and bringing that mine into production. He resigned in 2003 after the Company was re-listed after falling into receivership. He is based in Hobart and operates an environmental and engineering consultancy.

SECTION 6

OFFER AND KEY DATES

GENERAL

Before making a decision to invest or subscribe for Preference Shares each Applicant should read this OIS in full, having particular regard to risk factors, their own investment parameters and, as necessary, seek independent professional advice from appropriate advisers. An investment in the Company should be considered as a speculative investment.

OFFER OF PREFERENCE SHARES: (THE “ENTITLEMENTS OFFER”)

By this OIS the Company is conditionally offering up to 500 new cumulative redeemable preference shares (“Preference Shares”) for subscription with a priority entitlement to all Members of the Company on the Record Date. For clarity, the offer is being made to all holders of fully paid shares and partly paid shares on the same basis.

The Offer is conditional upon the Members of Mount Rommel approving the terms of issue of the Preference Shares at a meeting of Members of Mount Rommel to be held on Saturday, 20th June 2009 at the premises of BHM Stainless Group, 28 Lawson Crescent, Thomastown Vic 3074 at 10.30 a.m.

Consequently, the Offer hereby made is a conditional offer and if the meeting does not pass the resolutions put to it then the Issue will not proceed and all subscription moneys will be refunded in like manner as required under Section 724 of the Corporations Act 2001 as if the NSX had not agreed to grant official quotation to the Preference Shares. In such event all subscription moneys would be returned without interest.

Under the Offer, each person registered as a member of the Company on the Record Date will have an entitlement to subscribe for one (1) Preference Share at an issue price of \$1,000 per Preference Share subject to the over-riding provisos that:

- if Mount Rommel has more than 330 Members at the Record Date then applications will be processed and Preference Shares issued and allotted at the rate of one (1) Preference Share per Member in priority of receipt. Subject to the decision of the Directors as to whether they will accept applications for more than the Minimum Subscription, this may mean that applications will be scaled back: either to one Preference Share or some other number.
- the maximum number of Preference Shares that will be issued and allotted is 500;
- save as set out above acceptance or rejection of Applications is within the sole discretion of the Directors.

A personalized Entitlement and Acceptance Form which sets out each Member's entitlement as at the Record Date to subscribe for One (1) Preference Share will accompany this OIS. That Entitlement and Acceptance Form will also provide Members of Mount Rommel the facility to apply for additional Preference Shares.

Members should note that minimum subscription is 330 Preference Shares to raise \$330,000 and that the issue of any Preference Shares in excess of that number is in the discretion of the Directors.

At present Mount Rommel has 317 members. Given that it is not expected that all members will apply for Preference Shares it is expected by the directors that all members wishing to apply for a Preference Share will be able to be issued same.

To the extent that Members elect not to take up their entitlements under the Issue or apply for additional Preference Shares, Preference Shares will become available for subscription by members of the public under the Shortfall Offer.

ENTITLEMENT AND ACCEPTANCE FORMS

Accompanying this OIS and for use only by Members is a separate personalised Entitlement and Acceptance form that sets out each Member's entitlement to apply for One (1) Preference Share under this Offer.

Directors have an unfettered right to accept or reject any application from Members for additional Preference Shares.

SHORTFALL OFFER

The Shortfall Offer is open to all existing Members and to any member of the public and pursuant thereto they may apply for Preference Shares to the extent of any shortfall under the Entitlements Offer.

The Entitlement and Acceptance Form provides a facility to Members to apply for additional Preference Shares under the Shortfall Offer.

Attached to and forming part of this OIS is a Shortfall Application Form for use by all members of the public applying for Preference Shares not taken up by Members ("Shortfall Securities").

Directors have an unfettered right to accept or reject any general application from members of the public under the Shortfall Offer.

Applications from the public for Shortfall Securities will subject to the prior rights of Members, including applications from members for Shortfall Securities. The minimum application for Shortfall Applications is 1 Preference Share.

APPLICANT'S ACKNOWLEDGMENTS, COVENANTS AND WARRANTIES

Each Applicant or Member subscribing for Preference Shares pursuant to the terms of this Offer acknowledges that their subscription is made on the bases set out in the Application Form or the Entitlement and Acceptance Form and on the basis that he covenants, represents and warrants and acknowledges to Mount Rommel and separately as a deed poll in favour of each of its Directors and officers that the investment is made within his personal risk profile and investment parameters and that the Applicant:

- has satisfied himself as to his information needs prior to subscribing for the Preference Shares;
- has had sufficient opportunity to seek independent professional advice before subscribing for the Preference Shares in the event he is uncertain of the meaning of any matter set out herein or as to his rights under the terms of the Preference Shares;
- acknowledges the risks inherent in his proposed investment, including those set out herein, and that that no representation has been made to him as to the merits of that investment and that his investment is made solely at his risk;
- agrees that, to the maximum extent permitted at law, he releases and discharges each of Mount Rommel and its Directors and officers from any action or claim for any loss or damage which he may suffer as a result of making any such investment.

MINIMUM APPLICATION

For the public at large, the minimum subscription under the Shortfall Offer is an application for one (1) Preference Share at an issue price of \$1,000.

OPENING AND CLOSING OF THE OFFER

The Issue will open on 14th May 2009 after lodgement with ASIC, ("Opening Date") which is the date of this OIS, and will close at 5.00 pm AEST on 22nd June 2009 ("Closing Date"), or at such other date as the Directors may determine.

Applications received during the exposure period will be dealt with in accordance with s.724 of the Act. Such Applications received prior to the expiration of the exposure period will not be processed until after the expiry of the exposure period. No preference will be conferred on Applications received during the exposure period and all Applications received during the exposure period will be treated as if they were simultaneously received immediately after the expiry of the exposure period.

Applications from members of the public which should be made on the Shortfall Application Form attached hereto may be received at any time prior to the Closing Date under the Shortfall Offer and will be accepted or rejected at director's discretion. Shortfall Applications will only be available to be satisfied from any shortfall in acceptances from members under the entitlements issue.

Subject to the requirements of the Listing Rules and the Corporations Act, the Directors reserve the right to extend the Closing Date without prior warning.

OVERSEAS SHAREHOLDERS

This OIS does not constitute an offer in any jurisdiction outside of Australia and New Zealand or to any person to whom it would not be lawful to issue this OIS.

In accordance with the Listing Rules, and having regard to:

- the small number of persons entitled to receive the Offer resident outside Australia and New Zealand;
- the number and value of Shares that such persons resident outside Australia and New Zealand would be offered; and
- the cost of complying with the legal requirements and the requirements of regulatory authorities in places other than Australia and New Zealand;

the Directors of the Company consider that it is unreasonable to make an offer to such persons and accordingly the Company will send each person otherwise entitled to receive this Offer, but to whom this Offer will not be made, details of the Issue and advice that the Company will not offer Preference Shares to that person.

Nominees applying for Preference Shares on behalf of overseas residents are responsible for ensuring that such an application does not breach any regulation applicable to any such overseas resident. Lodgment of Application Forms accompanied by the relevant Application Moneys will be taken by the Company to constitute a representation from the Applicant that no breaches of any such regulations have occurred.

Applicants, who are nominees, or persons proposing to act as nominees, should seek independent advice as to how they should proceed.

PAYMENT FOR SHARES

The Application Moneys for the Preference Shares the subject of the Issue are payable in full on application. Cheques must be made out in Australian currency. Cheques in Australian currency forwarded to the Company in Australia must be made payable to "**Mount Rommel Mining Limited - Account No.2**" and crossed "**Not Negotiable**".

ALLOTMENT

The Company will, within 3 business days of the date of this OIS, apply to NSX for admission of the Preference Shares offered pursuant to this OIS to trading on the Stock Market conducted by NSX and for Official Quotation of those securities on the Official List of NSX. Subject to NSX granting Official Quotation to the Preference Shares, minimum subscription being achieved and subject to the members passing the resolutions to be put to the General Meeting, the Directors will proceed to allotment thereof as soon as possible after the Closing Date.

Applicants should note further that, save in respect of Members taking up their specific entitlements pursuant to the Issue, the Directors reserve the right to reject any Application and /or to allot a lesser number of Preference

Shares than applied for. If the number of Preference Shares allotted is less than the number applied for, the surplus Application Moneys will be refunded to the Applicant within 14 days of the Allotment Date.

If the Preference Shares offered pursuant to this OIS are not granted Official Quotation by NSX within three months of the date of issue of this OIS, then the Company will refund all Application Moneys in full. Interest will not be paid on Application Moneys refunded.

In accordance with the provisions of the Corporations Act, all Application Moneys shall, pending allotment and issue of securities pursuant to this Issue, be held by the Company in trust in a bank account established solely for the purpose of depositing Application Moneys received. Any interest earned on those moneys shall be to the Company's account.

Transaction Confirmation Statements will be despatched on or about 29th June 2009, unless the Closing Date is varied.

Trading is anticipated to commence on or about 30th June 2009.

It is the responsibility of Applicants to determine their allocation of Preference Shares prior to dealing in those securities. Any Applicants who sell or otherwise deal in any Preference Shares before they receive their Transaction Confirmation Statements will do so at their own risk.

No Preference Shares will be allotted or issued on the basis of this OIS later than 13 months after the date of this OIS.

TAXATION, STAMP DUTY AND TAX FILE NUMBERS

Applicants should seek their own independent advice in relation to taxation matters generally and as to the operation of taxation laws in Australia and taxation and stamp duty laws in New Zealand. The Company is unable to give advice on taxation matters generally, as each Applicant's position will relate to their own specific circumstances.

Applicants should satisfy themselves of possible taxation consequences of:

- subscribing for the Preference Shares and the effect of the buy-back or redemption thereof on any of the bases set out herein;
- the purchase or sales of the Preference Shares;

by consulting their own professional tax advisers.

It is not necessary for Applicants to quote their tax file number when subscribing for the Preference Shares.

MINIMUM SUBSCRIPTION

Minimum subscription for the Issue is the issue of 330 Preference Shares to raise a minimum of \$330,000.

Unless the Company raises not less than \$330,000 by the issue, it will not have sufficient funds available to it to carry out its proposed work program at Glenfine and will not therefore be in a position to commence mining from which it may recover gold to redeem the Preference Shares or from which it may buyback the Preference Shares.

To the extent Members elect not to participate, the Shortfall Offer is being made available to members of the public interested in making an application for available Preference Shares under the Shortfall Offer.

Any Member of the public seeking to secure a significant holding of Preference Shares under the Shortfall Offer should contact Mr Hunt to discuss the matter.

These observations may be relevant to members –

- The non-participation of each Member in this particular offer is a right of choice.
- The funds raised by this offer are intended to be used to consolidate activities of this Company which are important to its progress, and to begin to demonstrate its ability to function as an effective gold miner within Victoria.

UNDERWRITING AND COMMISSION

The Offer is not underwritten. The Company will not pay commission on the issue of Preference Shares pursuant to the Issue.

COSTS AND EXPENSES OF THE ISSUE

Costs and expenses of the Issue are estimated to be as set out below.

Costs of the Issue (exclusive of GST)	Amount \$
Printing	5,000
postage and sundry	6,000
Legal Fees	15,000
Total	26,000

SECTION 7

CAPITAL STRUCTURE

Assuming that the Issue is fully subscribed, the capital structure of the Company after the completion of the Offer will be as follows:

CAPITAL STRUCTURE	
Amount to be raised - maximum	\$500,000.00
Offer price per Preference Share	\$1,000.00
EXISTING CAPITAL STRUCTURE	
Number of fully paid Ordinary Shares	38,161,089
Number of partly paid Ordinary Shares	741,000
Number of existing options exercisable at \$0.20 on or before 31 August 2009	1,094,803
SECURITIES OFFERED FOR SUBSCRIPTION UNDER THIS OFFER	
Number of Preference Shares being offered under this OIS	500
CAPITAL STRUCTURE ON COMPLETION OF THE ISSUE : ASSUMING FULL SUBSCRIPTION	
Number of Ordinary Shares	38,161,089
Number of partly paid Ordinary Shares	741,000
Number of existing options exercisable at \$0.20 on or before 31 August 2009	1,094,803
Total number of Preference Shares	500

The final number of Preference Shares on issue will depend on the level of acceptances and the demand for Shortfall Securities under the Shortfall Offer.

SECTION 8

PURPOSE OF ISSUE: USE OF FUNDS

The funds raised by the Issue will be used, after payment of costs of the Issue, for the purposes set out in the tables below. Details of the amounts estimated or budgeted as being applied for each of the above purposes are set out generally in the tables below.

The primary difference between Use of Funds between minimum and full subscription relates to the ability to expand the treatment rate and materials handling capacity between the “envelopes” of tailings sands referred to in the Chairman’s Invitation in Section 2 above. Additionally the bond requirement for the full Glenfine Project as a whole is estimated to be greater than if mining is in 2 separate stages with one stage being completed and bonding then moved to the second stage. Operations will be more efficient if the Glenfine Project can proceed as an integral whole.

Members should note that no contribution from possible production is taken into account as that is not certain and will depend on the Company being able to construct and commission the plant and achieve production from it.

Source of Funds:	Available Funds Full Subscription (\$)
Existing Funds as at date of this OIS (14th May 2009)	28,000
Gross Proceeds of the Issue (assumes full subscription)	500,000
Total Funds Available: assuming full subscription	\$528,000

Use of Funds: Assuming Full Subscription (\$500,000)	Amount \$
Costs of the Issue	26,000
Completion of permitting	10,000
Contingencies and corporate operating costs pre Mining Approval	26,000
Landowner compensation*	30,000
Site preparation (including environmental controls)	70,000
Bonds	70,000
Initial Labour costs (10 weeks)	120,000
Insurances	12,000
Hire or purchase of Plant & Equipment	71,000
Initial Purchases of Consumables	20,000
Contingencies and uncommitted working capital	73,000
Total	\$528,000

Use of Funds: Assuming Minimum Subscription (\$330,000)	Amount \$
Costs of the Issue	26,000
Completion of permitting	10,000
Contingencies and corporate operating costs pre Mining Approval	26,000
Landowner compensation*	30,000
Site preparation (including environmental controls)	50,000
Bonds	50,000
Initial Labour costs (7 weeks)	80,000
Insurances (less time)	6,000
Hire or purchase of Plant & Equipment	45,000
Initial Purchases of Consumables	15,000
Contingencies and uncommitted working capital	20,000
Total	\$358,000

* It is anticipated that the residual \$30,000 payable for landowner compensation will be paid from production.

Major costs which are project specific to Glenfine are:

- the costs of the government-determined bond amount (subject to design);
- the costs of public liability insurance (to be determined in August);
- the costs to satisfy environmental controls;
- the costs of groundwater monitoring bores (to be determined by DPI);
- the cost of rehabilitation.

These costs are not presently quantifiable but will be determined by the time that Mount Rommel obtains Mining Approval. The major cost items shown in the Use of Funds Statements in bold type will not be incurred until after the Mining Approval Date by which time such costs will be known other than for rehabilitation costs.

Applicants should be aware that various of the amounts shown in the Use of Funds statements for the items proposed to be funded by the proceeds of the Issue are estimates made by the Board based on experience and from discussions with third parties such as suppliers. In practice many of these costs will be ongoing through the life of the Glenfine Project and will, assuming production, be met in whole or in part from, or be recouped from, production.

Actual use of funds may differ from budgeted use of funds to the extent that actual costs involved in the establishment of the Glenfine project differ from Director's expectations. Such differences may result from a number of factors and may include unforeseen regulatory requirements being imposed on Mount Rommel or the actual cost of complying with known requirements being greater than expected, either because of increases in costs generally or because continued exploration activity or other work reveals matters or circumstances which are presently unknown which increase costs.

CHESS AND ISSUER SPONSORED HOLDINGS

The Company participates in the Clearing House Electronic Sub-register System, known as CHESS. ASX Settlement and Transfer Corporation Pty Ltd ("ASTC"), a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Shares Clearing House Business Rules.

The Company operates an electronic issuer-sponsored sub-register and electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of shares. The Company also operates like registers in relation to options to acquire ordinary shares.

The Company will not issue certificates to Preference Shareholders.

Preference shareholders who elect to hold securities on an issuer-sponsored sub-register will be provided with transaction confirmation statements which set out the number of Preference Shares allotted to the Preference Shareholder under this OIS. For Preference Shareholders who elect to hold their securities on a CHESS sub-register, the Company will issue an advice that sets out the number of Preference Shares allotted to the Preference Shareholder under this OIS.

At the end of the month of allotment, CHESS, (acting on behalf) of the Company will provide Preference Shareholders with holding statements that confirm the number of Preference Shares held.

The CHESS statements will set out the number of Preference Shares allotted to each holder under the OIS, give details of the Holder Identification Number and give the Participating Identification Number of the Sponsor. If you are registered on the Issuer Sponsored sub-register, your transaction confirmation statement will be dispatched by the Share Registry and will contain the number of Preference Shares allotted under the OIS and the Securityholders Reference Number ("SRN").

A CHESS Statement or Issuer Sponsored Holding Statement will routinely be sent to all holders at the end of any calendar month during which the balance of their holding changes. A Preference Shareholder may request a holding statement at any other time; however, a charge may be made by the registry for additional statements.

RIGHTS & LIABILITIES ATTACHING TO SHARES

The rights and liabilities attaching to Preference Shares are detailed in Section 10 below.

SECTION 9

BUSINESS AND INVESTMENT RISKS

The business operations of the Company are subject to risks, which may impact adversely on its future performance. These risks may adversely affect the value of the Company's assets and this may affect the value of any shares or other securities in the Company.

Many of the risks to which Mount Rommel is subject are referred to throughout this OIS.

A primary risk to which the Preference Shares and Preference Shareholders are subject is that the Company presently has and is raising limited funds pursuant to this OIS and that the costs associated with implementing work programs and commencing mining at Glenfine may exceed the total moneys raised leaving the Company in a position where it has a shortage of funds with which to operate.

A further primary risk is that associated with reserve calculations. Statements as to resource or reserve calculations under the JORC Code should be regarded as being indicative only. Ultimately all resource and reserve calculations are a matter of judgment by the Competent Person making them under that code. Applicants are referred to the risk factor below headed "Mineral Resource Estimation and Reported Drilling Results Risks" which outlines these issues in more detail.

The effect of the above is that the Preference Shares will vary in value with the success or otherwise of mining operations on the Glenfine Project and that, subsequent to Mining Approval being obtained, will be dependent on net gold recoveries (if any) from those mining operations and the risk exists that the Preference Shares could, in extreme circumstances, be of minimal, if any value, with Mount Rommel buying back the Preference Shares for nominal value.

Major risks which are project specific to Glenfine are:

- the costs of the government-determined bond amount (subject to mine design and agreement);
- the costs of public liability insurance (to be determined in August);
- costs to satisfy environmental controls;
- availability of, and cost of, skilled plant operators;
- requirements as to groundwater monitoring bores (to be determined by DPI) and cost thereof;
- rehabilitation expenses.

The majority of these costs, if not all of them, will be determined by the time that Mount Rommel obtains Mining Approval.

The items of plant and equipment referred to in the Use of Funds Statements will not be purchased until after the Mining Approval Date.

General risks associated with investment in Mount Rommel include:

Share Market Risks. Potential investors should recognise that the prices of shares and other securities fall as well as rise. Many factors affect the price of securities including local and international stock markets, movements in interest rates, economic and political conditions and variable investor and consumer sentiment.

Investment Risks Generally. Risks of a general nature relating to investment in shares and securities generally and especially where the company in which the investment is made has a small market capitalisation.

Risks Related to Investment in Resources. Exploration and/or development of resources are subject to high risk.

Fiscal Risks. These involve the imposition of additional taxes, imposts and other charges by government from time to time relating to revenue or cash flow. Industry profitability can be affected by changes in tax policies, the interpretation and application thereof.

Currency Exchange and Other Risks. Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations of international currency exchange markets. Foreign taxes, limitation on repatriation of earnings, compliance with foreign accounting and business laws, and cultural differences, carry a certain amount of risk. Fluctuations in exchange rates may adversely affect the Company.

Macro Economic and Political Factors. Apart from exchange risks there are a wide range of other macro economic and political factors beyond the control of the Company which will affect the Company's operations including the consequences of terrorist and other activities which themselves impact adversely on the global economy, demand for and supply of commodities and share market conditions and share prices generally.

Risks Relating to Commodity Prices. Commodities are subject to high levels of volatility in price and demand. As the Company's potential earnings may be derived from the sale of gold these earnings will be closely related to the price of that commodity. The sale of this commodity may expose the Company to commodity price and exchange rate risks. The international price of gold is commonly denominated in United States Dollars, whereas the income and expenditure of the Company are, and will be, taken into account in Australian currency. The potential income stream of the Company will be exposed to the fluctuations and volatility of commodity prices and the rate of exchange between the United States Dollar and the Australian Dollar as determined by international markets.

Management Competency. The future success of the Company will be primarily dependent on the competency of the operators of the Company's management and on its capacity to manage day-to-day operations. The primary person involved in management of the Company's operations is Mr Fred Hunt. The Company's future growth becomes dependent upon the technical and management resources of the other two Directors of the Company, who are jointly capable of managing and expanding its operations beyond their present status assuming that the Company succeeds in the present phase of operations and moves to development and mining operations..

Contract Risks Generally. The Company operates through a series of contractual relationships with third parties generally and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations both as to financial performance and technical capacity and as to the time frames in which operations are carried out and in relation to the quality of work performed.

Regulatory Risks. Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained Applicants should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely. Importantly a series of regulatory permits and approvals will be needed for the Company to commence any mining operations at Glenfine and there is no certainty that all of these permits, approvals will be granted. To some extent this risk is mitigated against because, until Mount Rommel has obtained a Planning Permit issued by the Shire of Golden Plains, to implement a work program which enables it to commence mining, it will not spend the bulk of the funds raised: see the Use of Funds Statement in Section 8 above.

Additionally, there could be delays in the grant any such regulatory permits and approvals or they could be granted subject to conditions which are unacceptable to the Company or which increase the cost of any operations. The failure to obtain all requisite permits and approvals may limit or vary, if not stop, any mining operations which might be proposed at Glenfine.

Production Risks. There can be no assurance given that the Company will achieve production from Glenfine as referred to in this OIS. The capacity of the Company to achieve production at Glenfine will depend on a wide range of factors including capital costs and operating costs and the capacity of the Company to fund those costs. If production is achieved then unanticipated problems may increase extraction costs and reduce anticipated recovery rates. The regulatory risks referred to above are also related to production risk as, failing grant of satisfactory permits and approvals, production will not be permitted.

Environmental Risks. The Work Plan as approved will require that following cessation of production from operations, the Company can demonstrate clean-up programs to abate any contamination from operations in which it has participated, removing disused plant and equipment and, where necessary, restoring land that has been disturbed in the course of operations. The cost of that cleanup may be considerable if operations were to result in significant environmental liabilities being incurred. In relation to Glenfine these issues will be defined as part of the process of obtaining approval of all requisite work programs and it is expected that the costs associated with those matters will be able to be met from operating cash flow when, and if, mining operations commence at Glenfine.

Operational Risks. These include the possibility of environmental accidents, the risk of unexpected mechanical failure or equipment breakdown resulting in loss of production and additional expense generally, unexpected interruption to or imposition of onerous conditions on access or industrial disputes and resultant increases in costs of operation.

Insurance. The Company's operations will expose it to risks and hazards typically associated with exploration for and development and production of minerals. In accordance with customary industry practices the Company must maintain insurance against some, but not all, of those risks and hazards. The availability of insurance and the rates at which insurance may be available will determine which losses are insured against and in what amount. The occurrence of any significant event which is not fully insured against may or could seriously harm the Company, its operations and adversely impact on its future financial condition. As a statutory prerequisite to work on licences in Victoria, the Company has taken out required public liability insurance.

Discovery Risks. While considered unlikely the deposit at Glenfine may not be able to be commercially productive.

Tenement Risks. A risk must exist that some part or all of the tenement held may be excised under the provisions of relevant legislation, or that when subject to renewal, it may not be renewed by the regulatory authorities for various reasons. The Company is not aware of any reason why if the terms and conditions of grant are complied with, any work place of interest to it would be excised or not renewed.

Exploration and Development Risk. By its nature the business of mineral exploration and development, which the Company will be undertaking, contains risks. For its part, exploration, mining and production are a speculative endeavour and can be hampered by unrelated practical matters as well as the unpredictable nature of mineral deposits. With respect to predicted extrapolations of tonnages for treatment from known mineralisation, incorrect grade estimates, unforeseen and adverse ground conditions, flooding, inclement weather, poor equipment availability, force majeure circumstances and cost overruns from unforeseen events all represent areas of risk requiring management. Successful mining operations will depend on a wide variety of matters including successful statutory planning approvals, mine design and the construction of efficient processing facilities, competent operation and management and efficient financial management.

Thus future exploration, development or mining activities of the Company may be affected by a range of factors including, geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Directors of the Company.

Mineral Resource Estimation and Reported Drilling Results Risks. The Company has released to NSX a qualified resource statement within the meaning of the JORC Code for the Work Plan area at Glenfine under which it has defined a Probable Ore Reserve within the boundaries of MIN 5492 as referred to in the Chairman's invitation in Section 2 above.

Sampling, technical and cost of extraction studies on the tailings sands at Glenfine show that economic extraction of certain parts of the tailings which exist within MIN 5492 warrant classification as a Probable Ore Reserve. The quantity of the resource is estimated to be in the order 40,000 tonnes. The grade indicated is nominally 2.7 g/t. The recovered grade is anticipated to average 2.5 g/t.

That probable ore reserve is derived from firm sampling data, confirmed by both additional sampling programs, and more intense sampling within the boundaries of the potential resource area. The basic technical data and

sampling data on which the probable ore reserve is based were included in an announcement made by Mount Rommel to NSX on 6 February 2009. Applicants should access that NSX release for further details.

That probable ore reserve is subject to what are defined by the JORC Code as Modifying Factors.

To achieve “proven” status within the meaning of the JORC Code, the Modifying Factors which cause the resource to be designated as “probable” need to be satisfied or removed..

The critical factors Modifying Factors referred to in the JORC Code relevant to Glenfine are those environmental and governmental factors critical to the viability of the project, including statutory approvals, permits, and the like, leading to the issue in Victoria of a Work Authority.

These factors are presently being addressed by Mount Rommel in discussions with the relevant authorities, including Heritage Victoria, and the Directors are reasonably confident that they will all be resolved or achieved.

From an Applicants point of view, the effective removal of the Modifying Factors will occur prior to the Mining Approval Date if at all and it is expected that minimal expenditure will take place prior to that Date. This is significant in terms of the redemption rights and buy-back obligations set out herein in Section 10 below to which Applicants are referred.

Essentially, that means that, prior to commencement of mining at Glenfine the Probable Ore Reserve should have been upgraded to a “Proven” Ore Reserve.

Under clause 29 of the JORC Code:

“A ‘Probable Ore Reserve’ is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A Probable Ore Reserve has a lower level of confidence than a Proved Ore Reserve but is of sufficient quality to serve as the basis for a decision on the development of the deposit.

Under clause 30 of the JORC Code:

A ‘Proved Ore Reserve’ is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A Proved Ore Reserve represents the highest confidence category of reserve estimate.

However Applicants must also understand that Ore Reserve estimates are not precise calculations. Ore Reserves are estimates only. They cannot be precise calculations because of the nature of the assessment and the variables involved in their determination.

There are numerous difficulties inherent in estimating resources or reserves. Any statement or inferences as to resources or reserves should not be regarded as proof of the existence thereof. The variables on which reserve estimates are made include a number of factors and assumptions such as historical production, comparisons with production from other producing areas, assumed effects of regulation by government agencies, assumptions regarding future gold prices and future operating costs, all of which may vary considerably from actual results. Assumptions that affect either the cost of recovery or the viability of recovery of any resource will affect any calculation of resources or reserves.

The accuracy of any resource estimate is a function of the quality of data available and of the engineering and geological interpretations applied thereto.

While the directors believe that the JORC Code "*Probable Ore Reserve*" as advised to NSX as stated herein is in accordance with JORC Code requirements, it is an estimate only and should be accepted with the understanding that actual mining operations may show that it is wrong.

Title. Interests in tenements in Victoria are evidenced by the granting of tenements through the issuing of a licence. Each licence is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interests in, tenements if licence conditions are not met or if sufficient funds are not available to meet expenditure commitments.

The Company holds and in due course will seek to acquire or renew mining tenements in Victoria as its operations expand. There is no guarantee that the permits and licences the subject of such applications will be granted. The Minister in question may refuse the applications. Persons may object to the grant of permits or licences and the Minister in question may take objections into consideration when making a decision on whether or not to grant or renew any tenement the subject thereof. All tenements are subject to various standard conditions including, but not limited to, those prescribed in the regulations under the MRD Act. Any failure to comply with the expenditure conditions, or with the other conditions on which the licences are held, expose the licence to risk of cancellation in whole or in part.

The law provides that where a Company does not act to carry out its Work Programs and comply with mandatory reporting as required by the terms of grant of its exploration or mining tenements then any or all of its tenements could be cancelled, with the Company receiving no compensation. There is no reason to believe such a circumstance exists

Native Title. MIN 5492, located at Glenfine is not subject to Native Title.

These risks are not necessarily exhaustive and Applicants should realise that any company with resource-based operations is subject to a wide range of risks many of which may not be foreseeable.

SECTION 10

FULL TERMS OF PREFERENCE SHARES

The Preference Shares shall be issued and allotted on the following terms and conditions and the holders shall have the following rights. The terms and conditions attaching shall be set out in the Constitution of the Company and are proposed as follows:

1. *The issue price of each Preference share shall be one thousand dollars (\$1,000.00);*
2. *the Preference Shares shall carry the right to a cumulative dividend of 1.5% per annum calculated on the issue price thereof which shall only be payable out of profits from the Company's share of production from mining operations which may be conducted on MIN 5492;*
3. *The dividend entitlement with respect to a Preference Share shall be computed from the date of allotment of the Preference Share to the date of its redemption and, where a dividend has been declared, shall be paid on each anniversary of its issue;*
4. *The dividend payable on a Preference Share shall rank for payment in priority to all dividends on ordinary shares for the time being issued in the capital of the Company;*
5. *The holder of a Preference Share shall, in a winding up, be entitled to rank in priority to all other shares for the time being issued in the capital of the Company for repayment of the capital paid up or credited as paid up on the Preference Share on the same terms on which the Preference Share may be cancelled by the Company but shall have no further right to participate in the profits or assets of the Company, whether surplus or otherwise. For the purpose of clarity, each Preference Share shall for all purposes be deemed to be paid up to that value which is the amount which would be paid by the Company on its redemption or buy-back if bought back or redeemed in accordance with these terms and conditions.*
6. *The holder of a Preference Share shall have the same rights as the holder of an ordinary share to receive notices of general meetings, reports, balance sheets and profit and loss statements and to attend and vote at any general meeting of the Company but shall have no participating entitlement or right to rights or options referred to in paragraphs (c) and (d) of the definition of "Equity Securities" in the Listing Rules of National Stock Exchange of Australia Limited;*
7. *The Company shall be entitled to create further new preference shares which may rank equally with the Preference Shares;*
8. *The subscription moneys from the Preference Shares ("Subscription Moneys") shall be retained in a separate bank account to be opened by the Company and entitled "Mount Rommel Mining Limited - Account No.2" which Subscription Moneys shall be held on the terms and conditions of these terms of issue and applied and expended solely in accordance with the Use of Funds statements set out in the Offer Information Statement proposed to be issued by the Company("the OIS") in relation to the offer of the Preference Shares to the Company's members for the purpose of implementing the Glenfine Project as may be described with such variations to such use of funds as is required to proceed with the Glenfine Project as described in the OIS and as is approved by resolution of the Directors of the Company.*
9. *Subject to the provisions of the Act and to the provisions of these terms of issue, the Company may, in accordance with the provisions of Section 254K of the Act, redeem the Preference Shares on the terms set out herein from profits that would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption. Notwithstanding anything herein contained the Preference Shares shall be redeemable no later than 31 December 2010.*
10. *Where Mount Rommel has not obtained Mining Approval by the Mining Approval Date, then, to the extent to which the Preference Shares are unable to be redeemed because the provisions of Section 254K of the Act cannot be satisfied: the Company shall issue the Preference Shareholders ordinary shares in the capital of*

the Company as set out (a) below and the Preference Shares shall bought back by Mount Rommel as set out in (b) below:

- (a) To the extent to which the Subscription Moneys have been so expended by the Mining Approval Date without the Company obtaining Mining Approval, the Company shall issue and allot ordinary shares to the Preference Shareholders for no further consideration other than the initial subscription for the Preference Shares on the bases that:*
 - (i) the number of ordinary shares to be so issued and allotted in respect of each Preference Share shall be that number of ordinary shares, disregarding fractional entitlements to ordinary shares, as could be subscribed for at an issue price of \$0.10 per ordinary share by application of an amount equal to the amount of the Subscription Moneys so expended in relation to that Preference Share on the basis that, as between all holders of the Preference Shares, the amount of the Subscription Moneys deemed so expended will be the same for each Preference Share so as to ensure equality of treatment of all Preference Shares and Preference shareholders;*
 - (ii) in respect of all dividends accrued but unpaid, such dividends shall be satisfied by the issue and allotment of additional ordinary shares in the capital of the Company at an issue price of \$0.10 per share;*
- (b) to the extent that the Subscription Moneys have not been so expended, the consideration payable on buy-back shall be satisfied by the payment to the Preference Shareholder of an amount equivalent to unexpended Subscription Moneys in relation to such Preference Share which amount which shall be paid on buy-back from moneys retained in the Mount Rommel Mining Limited - Account No.2.*

11. Where the Company has obtained Mining Approval by the Mining Approval Date and has commenced mining operations at Glenfine then;

- (a) subject to the operation of Section 254K of the Act, the Company has an obligation to redeem each Preference Share by no later than 31 December 2010 on the basis that the holder of a Preference Share has a right to receive direct from the Company on redemption of that Preference Share up to two (2) ounces of gold from the Company's net share of production of gold from the Glenfine Project after the Company has met its share of Project Operating Costs on the basis that, to the extent that the net production of such gold to which the Company is entitled after meeting its share of such Project Operating Costs is less than that required to redeem all the Preference Shares on the terms set out herein, then the amount of gold payable by Mount Rommel to redeem each Preference Share will reduce proportionately so that each Preference Share is redeemed on the same terms and each Preference Shareholder is treated equally; or,*
- (b) where the Preference shares are unable to be redeemed because the provisions of Section 254K of the Act, then the Preference Shares may be bought back by the Company on the same terms as they would have been redeemed if permitted by sub-paragraph 11(a) above. Such buy-back may be by way of selective buy-back in which case the Preference Shares shall be bought back on the same terms as they would be redeemed as set out in 11(a) above. Where the members of the Company fail to pass resolutions permitting buy-back on such terms as a selective buy-back in accordance with the Act and the requirements of Regulatory Guide 110 as issued by the Australian Securities & Investment Commission then the buyback shall be undertaken as an on market buy-back in accordance with the 10/12 rule set out in the Act. In the event that the buy-back is by an on market buy-back then the amount paid on buy-back will be that amount which would have been the value of the gold which would have been determined as payable on redemption of the Preference Shares under 11(a) above. In such instance the Preference Shareholder may, prior to the date for completion of the buy-back advise the Company in writing that the Preference Shareholder elects to receive the actual gold in satisfaction of the Company's debt to the Preference Shareholder arising from the buy-back process in which case, the delivery up of such gold shall take place at the registered office of the Company not later than five (5) Business after the date of the sale of the Preference Shares by way of buy-back. For the purpose of clarification, each buy-back shall be a separate transaction but each Preference Shareholder shall offer all of that Preference Shareholder's*

Preference Shares for sale by way of buy-back in one lot at one time and not by way of separate offers of sale of Preference Shares.

- (c) *Mount Rommel shall, notwithstanding the obligation to redeem or buy-back the Preference Shares as set out in sub-paragraph 11(a) above, have the right to redeem or buy-back the preference Shares at such earlier date as it may, in its absolute discretion, determine subject always to the over-riding operation of the provisions of the Act.*
- (d) *In accordance with the Act, any selective buy-back or on market buy back shall remain open for acceptance by the Preference Shareholder for a period of not less than 45 days from the date of its being made or entered into. If a Preference Shareholder shall fail to accept an offer of buy-back from the Company within that time period then any director of the Company may accept such offer as the lawful attorney on behalf of such Preference Shareholder and the Company shall pay or distribute the net proceeds of buy-back to the Secretary of the Company to be held on trust for the Preference Shareholder on the basis that if such proceeds are not claimed within 2 years from the date of buy-back any gold representing the proceeds of the buy-back shall be sold and all of proceeds of the buy-back held on account of that Preference Shareholder (after deduction of all costs of sale of any gold and payment of any tax required to be deducted therefrom) shall be dealt with in accordance with the provisions of the unclaimed moneys legislation in force in Victoria. No director or officer of the Company shall be liable for any diminution in value of any proceeds of buy-back whether occasioned by reduction in the price of gold or otherwise. Any increase in value of the proceeds of the buy-back shall be to the account of the Preference shareholder. Where the Secretary of the Company holds any proceeds of buy-back on the terms hereof, such proceeds shall be held at the risk of the Preference Shareholder entitled thereto and neither the Company nor any such director or officer shall be liable on account of any loss thereof or damage thereto and the Preference Shareholder hereby releases each and every such person from and against any liability therefore arising out of any negligent act matter or thing done or omitted to be done in relation thereto.*
- (e) *no right of buy-back shall arise under these terms and conditions until, in the case of an on market buy-back, the Company announces the buy-back, or in the case of a selective buy-back, the members of the Company approve the selective buy-back on the terms set out herein and thereafter, either the Company or the Preference Shareholder gives Notice of Buy-Back in the form required hereunder or to the effect thereof.*
- (f) *if the Company gives a Notice of Buy-Back, it shall give the Notice of Buy-back to all Preference Shareholders at the same time and make an announcement to that effect to NSX.*
- (g) *if the Company receives a valid Notice of Buy-Back from any Preference Shareholder then it shall, subject to the further provisions hereof, forthwith give a Notice of Buy-back to all other Preference Shareholders and make an announcement to that effect to NSX;*
- (h) *Subject to the over-riding requirement that the Preference Shares shall be redeemable no later than 31 December 2010, the Company shall not otherwise give a Notice of Redemption or a Notice of Buy-back to any Preference Shareholder prior to completion of mining operations at Glenfine until or unless the Company is able to provide an amount of 2 ounces of gold on redemption or buy-back or the equivalent monetary value thereof.*
- (i) *Where the company completes mining operations at Glenfine and the Company's recovery of gold from the Company's net share of production of gold from the Glenfine Project after the Company has met its share of Project Operating Costs is insufficient to provide an amount of 2 ounces of gold in redemption or buy-back of each Preference Share, then the Company shall provide each Preference Shareholder with an Audit Certificate showing the amount of gold (or the value thereof) to be distributed or paid on redemption or buy-back at the same time as it issues any Notice of Redemption or Notice of buy-back or makes any buy-back announcement and that Audit Certificate shall be binding on the Company and the Preference Shareholder save in the case of manifest error apparent on the face of the record.*

- (j) the Audit Certificate referred to in sub-paragraph 11(i) above shall be prepared by the Company's auditors at the cost of the Company on the basis that, in preparation thereof, the auditor owes a duty of care to each of the Preference Shareholders.
12. Where a Preference Shareholder does not wish to receive physical gold on redemption or buyback of any Preference Share that Preference Shareholder may request the Company to sell all such gold to which that Preference Shareholder is entitled and to pay the amount of the net proceeds of sale thereof to that Preference Shareholder in full satisfaction of that Preference Shareholder's rights on buyback or redemption.
13. Where the Company proposes to redeem a Preference Share the Company shall give written notice ("Notice of Redemption") to the holder of the Preference Share that the Company will redeem the Preference Share on the date ("redemption date") specified in the Notice of Redemption (which date shall not be later than 45 days after the date the Notice of Redemption is given). Such Notice of Redemption shall be given at such time that redemption takes place no later than 31 December 2010.
14. Where the Company proposes to buyback a Preference Share in accordance with the authority of a resolution passed by the members in general meeting the Company shall give written notice ("Notice of Buyback") to the holder of the Preference Share that the Company proposes to buyback the Preference Share on the date ("buyback date") specified in the Notice of Buyback (which date shall not be later than 45 days after the date the Notice of Buyback is given). On the giving of the Notice of Buyback a contract shall come into existence between the Company and the Preference Shareholder pursuant to which the Company shall buyback the Preference Share on the terms set out herein. If the Company shall fail to give the Preference Shareholder a Notice of Buyback within that 45 day period then the Preference Shareholder may give the Company a like Notice of Buyback requiring the Company to buyback the Preference Share and on the Preference Shareholder giving such notice to the Company a contract for the buyback of the Preference Share shall likewise come into existence and the Company shall then buyback the Preference Share at the expiration of 45 days from the date of giving of such Notice of Buyback to the Company. Such Notice of buy-back shall be given at such time that buy-back takes place no later than 31 December 2010.
15. Redemption or buyback (as applicable) shall be effected on the redemption date or the buyback date at the registered office of the Company, or at such other location determined by the Company, by the Company paying or delivering up to the holder of the Preference Share that amount of gold to which the Preference Shareholder has become entitled pursuant hereto as at the date of such redemption or buyback.
16. The Company may in the Notice of Redemption or Notice of Buyback (as applicable) as a condition of paying the money payable on redemption or buyback require delivery to it on or before the redemption date or the buyback date (as applicable), any certificate or Holding Statement issued with respect to the Preference Share.

The form of Notice of Redemption from the Company shall be in or to the following effect:

TO:
("the Preference Shareholder")

Whereas pursuant to the terms of the issue of the Preference Shares Mount Rommel Mining Limited ("the Company") has the right to give Notice of Redemption to you as a Preference Shareholder NOW TAKE NOTICE THAT the Company hereby pursuant to the powers contained in the terms of issue of the Preference Shares hereby gives notice of exercise of its right to redeem all of the Preference Shares held by you as the Preference Shareholder under SRN/HIN [Insert relevant SRN or HIN].

DATED this day of 200#

.....
Director/Secretary for and on behalf of the Company

The form of Notice of Buyback shall be in or to the following effect:

IF GIVEN BY THE COMPANY

TO:
("the Preference Shareholder")

Whereas pursuant to the terms of the issue of the Preference Shares Mount Rommel Mining Limited ("the Company") has the right to buy-back the Preference Shares held by you: NOW TAKE NOTICE THAT the Company hereby pursuant to the powers contained in the terms of issue hereby gives notice of exercise of its right to buy-back all of the Preference Shares held by you as the Preference Shareholder under SRN/HIN [Insert relevant SRN or HIN].

DATED this day of 200#

.....
Director/Secretary for and on behalf of the Company

IF GIVEN BY THE PREFERENCE SHAREHOLDER

TO:
Mount Rommel Mining Limited
Suite 304
22 St Kilda Road
St Kilda Victoria 3182
("the Company")

Whereas pursuant to the terms of the issue of the Preference Shares the undersigned Preference Shareholder being the holder of Preference Shares held under SRN/HIN [Insert relevant SRN or HIN] has the right to require the Company to buy-back the Preference Shares held by you: NOW TAKE NOTICE THAT pursuant to the powers contained in the terms of issue the said Preference Shareholder hereby gives notice of exercise of its right to require the Company to buy-back all of the said Preference Shares.

DATED this day of 200#

.....
Preference Shareholder*

* This Notice must be signed by the Preference Shareholder(s) personally or by a duly appointed Attorney. If signed by an Attorney the relevant Power of Attorney must be submitted with this Notice of Buyback unless already noted by the Company. If there are joint holders, each must sign. Where the Preference Shareholder is a corporation this Notice of Buyback must be executed in like manner as a proxy is required to be executed in accordance with the provisions of the Corporations Act 2001 and the constitution of the Company.

17. In the event of any reconstruction of the issued ordinary capital of the Company the Preference Shares shall be reconstructed in the same proportion as the issued ordinary capital of the Company is reconstructed and, in any event, in a manner which will not result in any additional benefits being conferred on the holders of the Preference Shares which are not conferred on ordinary shareholders.

18. For the purpose of these terms and conditions of issue:

"the Act" means the Corporations Act 2001 as in force from time to time in Victoria and all regulations made thereunder;

"Glenfine Project" shall mean the proposed operations to be carried on by the Company at Glenfine in Victoria within the confines of MIN 5492 to recover gold and other minerals from tailing sands remaining from prior mining which operations shall be the subject of work plans and authorities under the Mineral Resources (Sustainable Development) Act 1990 (the "MRD Act");

“MRD Act” means the Mineral Resources (Sustainable Development) Act 1990 of the state of Victoria and all regulations and subordinate legislation made thereunder.

“Project Operating Costs” shall mean all costs reasonably and necessarily incurred in carrying on mining operations at Glenfine including, but not limited to:

(a) **Rentals and Royalties**

All rentals, rates, royalties, renewal and extension fees payable in respect of MIN 5492 and Project Operations.

(b) **Labour**

All;

- (i) *salaries and wages of employees directly engaged in the conduct of the Project Operations including salaries or wages paid to employees such as geologists, or engineers and other employees who are temporarily assigned to and directly engaged in the conduct of the Project Operations but only pro rata to their time directly engaged.*
- (ii) *Holiday, vacation, sickness and disability benefits, and other customary allowances applicable to the salaries and wages chargeable under clause including any taxes liable or due to be paid in respect of such customary allowances.*
- (iii) *Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to any such labour costs.*

(c) **Employee Benefits**

The Company's actual cost of plans for employees' group life insurance, hospitalisation, superannuation, pension, retirement, bonus and other benefit plans of a like nature, to the extent directly applicable to the Company's labour costs entitled to be charged under this clause.

(d) **Consumable Materials**

Consumable material purchased or furnished by the Company for use on the Project Area. So far as it is reasonable, practical and consistent with efficient and economical operations, only such material shall be purchased for or transferred to the Glenfine Project as required for immediate use and the accumulation of surplus stocks shall be avoided. For avoidance of doubt this includes all plastic or other liners and associated materials used in site preparation in anticipation of mining operations.

(e) **Transportation**

*Transportation of employees and material necessary for the conduct of the Glenfine Project;
All costs of:*

- (i) *contract services and utilities procured from outside sources.*
- (ii) *procuring contract, accounting, auditing and other outside professional services by the Company for logistic and administrative support of Project Operations.*

(f) **Damages/Losses to Project Property and Equipment**

All:

- (i) *normal maintenance costs of plant and equipment used in Project Operations;*
- (ii) *replacement or repair costs resulting from damages or losses incurred by fire, explosion, flood, storm or any other causes not controllable by the Manager through the exercise of reasonable diligence: save to the extent that such costs are recovered from any insurer under a policy of insurance.*

(g) **Legal Costs, Litigation, Judgments and Claims**

All:

- (i) *legal costs and expenses including those of litigation, or legal services necessary or expedient for the protection of the Project Property, together with all judgments obtained against the Participants or any of them and any agreed settlement insofar as the same relate to the Project Account or the subject matter of the Agreement.*
- (ii) *actual expenses incurred by any Participant or Participants in securing evidence for the purpose of defending or prosecuting any action or claim or negotiating any settlement relating to the Project Account or the subject matter of the Agreement.*

(h) **Taxes**

All taxes (except income tax) rates, levies and assessment of every kind and nature levied, assessed or imposed upon or in connection with the Project Property or any part thereof, the production therefrom or the operation thereof, which shall have been paid for the benefit of the Participants.

(i) **Insurance**

All Premiums paid for insurances taken out in relation to the Glenfine Project together with all expenditures incurred and paid in settlement of any and all losses, claims, damages, judgments and other expenses, including legal services, not recovered from the insurer.

(j) **Other Expenditure**

Any other expenditures which are not of a capital nature and which are not covered or dealt with in the foregoing provisions of this clause which are reasonably incurred by the Manager for the necessary and proper conduct of the Project Operations;

but excluding all;

- (k) *capital costs of plant and equipment used in mining operations;*
- (l) *depreciation and amortisation;*
- (m) *other non cash costs of any kind.*

“Mining Approval” shall occur when the Company has obtained:

- (a) *all necessary permits and authorities to permit it to commence to treat the tailings sands situate on MIN 5492 at Glenfine in accordance with a work plan approved under the MRD Act;*
- (b) *all other permits and approvals requisite for that purpose.*

“Mining Approval Date” shall be the date on which the Company obtains Mining Approval.

“mining” shall have the same meaning as in the MRD Act.

“Project Operations” means all acts matters and things done from 1 May 2009 until completion of mining and satisfaction of all rehabilitation requirements at Glenfine in relation to the carrying on of mining within the area of MIN 5492.”

SECTION 11

BUYBACK, ASIC AND CORPORATIONS ACT

Under Section 257A and the following sections of the Corporations Act a company may buy-back its own shares if:

- the buy-back does not materially prejudice the company's ability to pay its creditors; and
- the company follows the procedures laid down in the Corporations Act.

The Corporations Act provides for 5 types of buybacks. These are:

1. Equal Access schemes: which relate to ordinary shares only and must be made to every person who holds ordinary shares to buy-back the same percentage of their ordinary shares. Clearly this type of buy-back is not relevant here as the Preference Shares, although voting shares, are not ordinary shares.
2. Employee share scheme buy-back: where the buy-back is under a scheme for the acquisition of shares in a company held by or on behalf of employees of a company and has been approved by the company in general meeting. Clearly this type of buy-back is not relevant here as the Preference Shares are not held by or on behalf of employees or directors.
3. Minimum holding buy-back schemes: where the buy-back is a buy-back of all of a holder's shares in a listed corporation if they are less than a marketable parcel within the meaning of the rules of the relevant financial market. In RG 110 ASIC requires that the consideration payable under this type of buyback be less than \$500 for a shareholders entire parcel of shares being bought back. This restriction under RG 110 means that this type of buy-back is inappropriate.
4. On-market buy-backs: where the buyback results from an offer made by a listed corporation on a prescribed financial market in the ordinary course of trading on that market. Where an on-market buyback does not exceed what is defined as the 10/12 rule the buy-back can be implemented without shareholder approval. The 10/12 rule will be complied with provided that, in the 12 months prior to the buy back, the total number of shares bought back does not exceed 10% of the smallest number, at any time during the last 12 months, of votes attaching to voting shares of the company. The Preference Shares offered for subscription are both preference shares within the meaning of the Listing Rules and voting shares within the meaning of the Corporations Act. As the maximum number of votes attaching thereto will only be 500 votes out of in excess of 38,000,000 votes attached to the ordinary shares on issue in the Mount Rommel, the buyback of the Preference Shares may be made on the Stock Market conducted by NSX in the ordinary course of trading. In the ordinary course of trading, settlement of the trade would take place on T+3 with the purchase consideration being paid to the seller in monetary form. Where the 10/12 requirement is met no shareholder approvals are required and the time limits relating to the buy-back revolve around the buy-back. While the buy-back must be on market, the sale creates a debt between the vendor and the company buying back the shares and the resultant debt can be satisfied by the company by payment in money or kind.
5. Selective buy-back schemes: where the buy-back is none of the above. A selective buy-back is effectively a catch all provision. Member's approval will be sought for approval of a selective buyback in accordance with the Corporations Act and RG 110. There are 2 aspects of ASIC's policy under RG 110 which need consideration. The first is that, under RG 110 ASIC states to the effect that a company can rely on a shareholder approval or fresh notice of a share buy-back to continue to buy-back shares for up to 12 months. After that period, ASIC requires that a further approval will be required if the company intends to continue buying back shares: see RG 110.26–RG 110.30. The second requirement is that ASIC requires that the company must commence buying back shares under a notice within two months or the notice will expire and a fresh notice will be required before the company can buy-back shares: see RG 110.31 to RG 110.34.

In the present case, if the buyback were to be approved at the time that the terms of issue of the Preference Shares are approved, then none of the Preference Shares will be bought back within 2 months.

Further, given that the period to complete production of gold, either sufficient to buy-back all the shares at the maximum of 2 ounces of gold for each Preference Share or at such lesser amount of gold as fixed by the terms of issue (which would only be determined on completion of mining at Glenfine) may not be ascertained till after the expiration of a 12 month period from issue and given that by the terms of issue the Preference Shares will not

redeemable or bought back within 12 months (other than at Mount Rommel's election), it follows that, for the Preference Shares to be bought back for gold under a selective buy-back compliant with ASIC's restrictions under RG 110, the resolution approving buy-back cannot be passed at the time the Preference Shares are approved for issue unless ASIC granted a waiver of the terms of REG 110 to permit this to occur.

An overriding restriction on the part of a company to buy-back its shares (of any kind) is that the buy-back does not materially prejudice the company's ability to pay its creditors.

In the present case, as the buy-back is being funded from Mount Rommel's net share of production of gold less its proportion of Project Operating Costs in relation to operations at Glenfine, this prospect is minimised.

Essentially Mount Rommel is paying the Preference Shareholders a proportion of the value that they will, presumptively, by subscribing the necessary funds, help to create. At the same time Mount Rommel retains the plant and equipment purchased by use of the funds subscribed and any gold recovered to its account in excess of the amount paid on redemption or buyback or sold to fund buyback if buyback must proceed as an on market buyback as the only means of effecting the provision of value promised to Preference Shareholders.

Whether ASIC will grant any variation to the requirements of its RG110 in the above circumstances is unknown at this time and Applicants should apply for Preference Shares on the basis that they may either be redeemed as contemplated, bought back under a selective buy-back (depending on whether ASIC grants any modification or the members pass the requisite resolutions in a time frame to permit buy-back in strict accordance with RG 110) or as an on market buy-back which requires no approvals if the 10/12 rule is complied with. Whether Mount Rommel seeks any such modification or waiver will depend on discussions with ASIC which are only likely to take place sometime after the close of the Issue and after it is known whether Mount Rommel will obtain Mining Approval.

It should be noted that RG 110.27 itself acknowledges that the Corporations Act does not give a deadline for offers to be made, or specify when offers must close, after a company gives notice of a buy-back (Section 257F) or receives shareholder approval (Section 257C or 257D) and that *"Therefore, under the Corporations Act, a company may rely on one notice or resolution to buy-back shares continuously over a period of time, or at some point in the future."*

SECTION 12

ADDITIONAL INFORMATION

SHAREHOLDER INFORMATION

Relevant shareholder information is contained in the audited accounts for the 12 months ended 28 February 2009 which forms part of this OIS or is otherwise available from NSX or the Company's website.

CORPORATE GOVERNANCE

The Directors are responsible for the strategic direction of the Company, the identification and implementation of corporate policies and goals and monitoring of the business and affairs of the Company on behalf of its members. Given that the Company is small, with limited activities and limited resources and has a board of three directors, it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review and operations and remuneration. These issues will be dealt with by the board acting as a committee in relation to the various areas or issues required to be considered with any interested directors abstaining or being absent as required either by the Act or as necessary to avoid conflict or possible breach of their fiduciary duties.

The board has, however, established one committee: namely the Audit and Compliance Committee, details of which are set out in the Company's prospectus lodged in February 2006 and in the Company's last Annual Report.

DIVIDEND POLICY

Save for any dividends payable on the Preference Shares which are cumulative, the Company will not pay dividends in the foreseeable future. Dividends will not be paid on the Preference Shares other than out of profits available for that purpose. That the Preference Shares carry a right to a dividend should not cause prospective investors to assume profitability on Mount Rommel's part: either from the Glenfine Project or generally.

CONSENTS

MSI Ragg Weir has given and not withdrawn their written consent to be named herein as auditor of the Company in the form and context in which they are so named. In addition, they have given and not withdrawn their written consent to the dispatch of this OIS with each of their Auditor's Independence Declaration under Section 307C of the Act and their Independent Auditor's Report in relation to the financial statements of the Company and its controlled entities for the period ended 12 month period ended 28 February 2009 being included either expressly or by inference herein, in the form and context in which such report and all references to such report are so included

MSI Ragg Weir has had no involvement in the preparation of this OIS other than the inclusion of such references to their audit report and has not given any professional or other advice in respect of any other part of this OIS. **MSI Ragg Weir** do not accept any liability to any person in respect of any false or misleading statement in, or omission from, any other part of this OIS.

Link Market Services Limited has given and not withdrawn its written consent to be named herein as the share registry to the Company in the form and context in which it is so named. In addition, **Link Market Services Limited** has given and not withdrawn its written consent to the despatch of this OIS.

Link Market Services Limited has had no involvement in the preparation of this OIS and has not given any professional or other advice in respect of any other part of this OIS. **Link Market Services Limited** does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this OIS.

INTERESTS OF DIRECTORS, ADVISERS AND NAMED PERSONS

Except as otherwise set out herein, no Director, contractor expert or professional adviser named herein now has or during the last two years has had any interest in the promotion of the Company, or any property proposed to be

acquired by the Company in connection with its formation or promotion or the Offer. Further, no sums have been paid or agreed to be paid to a Director, contractor expert or professional adviser in cash or shares or otherwise by any person (in the case of a Director) either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the promotion or formation of the Company or the Offer or (in the case of an expert or professional adviser) for services rendered by the expert or professional adviser in connection with the promotion or formation of the Company or the Offer save and except that MSI Ragg Weir are the auditor of the Company and have received payment of fees for audit totalling \$10,175 (inclusive of GST) for the period ended 30 June 2007 and have received payment of fees for audit totalling \$14,500 (inclusive of GST) for the period ended 30 June 2008 and \$5500 (inclusive of GST) for the Half Year ended 31 December 2008. In addition they have been paid or will be paid an amount of \$7,700 for the audit of the accounts attached hereto and forming part of this OIS.

DIRECTORS' OTHER INTERESTS

Directors' other interests are as set out in the audited accounts which forms part of this OIS. Directors are remunerated as set out therein and there has been no change in the basis of their remuneration between the date thereof and the date of this OIS.

Directors' shareholdings and option holdings are likewise as set out in those audited accounts and there has been no change to those holdings in the date between the date thereof and the date of this OIS.

SECTION 13 DEFINITIONS

Certain expressions are used throughout this OIS that are not defined in the various independent experts' reports. Unless otherwise stated or unless inconsistent or repugnant with the context in which the expression is used, each of the following expressions have the meaning set out below:

"\$" and **"A\$"** both mean references to dollar amounts in Australian currency.

"US\$" means references to dollar amounts in the currency of the United States of America.

"Act" means the Corporations Act 2001 as in force within Australia.

"ASIC" means Australian Securities and Investments Commission.

"Associates" has the meaning given to that term in the Act.

"au" is the chemical symbol for gold.

"Business Day" means, generally, those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which NSX shall declare and publish as not a Business Day.

"Company" or **"Mount Rommel"** means Mount Rommel Mining Limited (ABN 89 005 583 031).

"Directors" or **"Board"** means the Directors of the Company.

"DPI" means Department of Primary Industries, Victoria.

"g" means grams.

"gold" meaning gold to be paid on redemption or buy-back of the Preference Shares means refined gold which is 99.99% pure gold.

"g/t" means grams per tonne.

"Grade" (of mineralisation) means the amount of valuable metal in a mineralised body expressed as a weight of valuable metal per unit weight of the whole.

"JORC Code" means the Australasian Institute of Mining and Metallurgy (AusIMM) code for nomenclature of mineralisation and/or reporting of identifiable mineral resources and ore.

"Kg" means Kilogram.

"Issue" means the issue of Preference Shares pursuant to this OIS.

"Listing Rules" means the Official Listing Rules of NSX.

"NSX" means the National Stock Exchange of Australia".

"Minister", in relation to any tenements in Victoria or any act manner or thing done pursuant to the Mineral Resources (Sustainable Development) Act 1990, means the responsible Minister under that Act.

"M" or "m" means metre.

"Official List" means the Official List of companies maintained by NSX.

"OIS" means this OIS as modified or varied by any supplementary OIS made by the Company and lodged with ASIC from time to time.

"oz" means a troy ounce: equal to 31.103 grams.

"Subscription Moneys" means the subscription moneys paid on application for a Preference Share issued and allotted pursuant to the Issue.

SECTION 14
DIRECTORS RESPONSIBILITY STATEMENT

Each Director of the Company consents to the lodgment of this OIS with ASIC, and has not withdrawn that consent prior to this OIS being lodged.

This OIS is prepared on the basis that:

- (a) certain matters may be reasonably expected to be known to professional advisers of the kind with whom applicants may reasonably be expected to consult; and
- (b) information is known to Applicants or their professional advisers by virtue of any Acts or laws of any State or Territory of Australia or the Commonwealth of Australia.

This OIS is dated the 14th day of May 2009.

Signed on behalf of Mount Rommel Mining Limited

Fred Hunt
Chief Executive Officer and Chairman

Mount Rommel Mining Limited
and Controlled Entities

ACN 005 583 031

Financial Statements
for the 12 months ended

28 February 2009

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

A requirement for this special purpose financial report has come about through the increased value of the gold prospects of Glenfine - that given access to carry out this Project, it alone could deliver returns to shareholders both generally, and on a holder by holder basis.

Any offer of direct participation of shareholders in what Directors of the Company regard as "windfall" or surplus gold identified by the recent work of the Company, requires shareholders to have that motion confirmed by Members approving a special resolution of the Company, in general meeting.

Your Directors have requested the legal advisors of the Company to prepare the necessary documentation so this general meeting may take place.

This special purpose financial report form part of the documentation Directors believe should be circulated to Members prior to any decision to issue redeemable preference shares.

Sub-section 254A(2) of the Corporations law requires that the rights to be attached to issued preference shares also be set out in the Constitution of the Company. The Constitution of Mount Rommel Mining Limited will therefore require an amendment by way of a special resolution passed by Members, in the same general meeting.

These matters are to be set in train by a Notice of Meeting prepared for Directors by the legal advisors to the Company.

The Directors of Mount Rommel Mining Limited submit herewith the special purpose financial report for the 12 months ended 28 February 2009.

Details of the Directors of the Company in office at any time during or since the end of the 12 months ended 28 February 2009 and at the date of this report are:

DIRECTORS

Mr Frederick L Hunt	Executive Director, Chairman	
Qualifications	MIE Aust, CPEng, MAusIMM	
Experience	Over 35 years operating practice in mining sector.	
Special Responsibilities	Director of prospect development.	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	2,585,814
	Options expiring 31 August 2009 at 20 cents	100,000
Mr Hamish Hunt	Non-Executive Director	
Qualifications	B.Ap.Sc.Ap.Chem., MRACI	
Experience	Finance Controller of BHM Stainless Group Pty Ltd. An industrial chemist actively participating in manufacturing items for large-scale installations in various heavy industry environments.	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	841,339

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

DIRECTORS' REPORT (CONT'D)

Mr John G Miedecke	Non-Executive Director (appointed 14 January 2008)	
Qualifications	MIE Aust, Dip.CE., Dip.Nat.Res., Dip. Env.St.	
Experience	John Miedecke is a civil and environmental engineer with over 30 years experience in the mining industry within Australia and internationally. He was a founding director of Beaconsfield Gold NL in 1993 and was involved with the reopening of the gold mine and bringing the mine into production. He resigned in 2003 after the Company was re-listed after falling into receivership. He is based in Hobart and operates an environmental and engineering consultancy.	
Directorships in listed entities	None	
Interests in Shares and options	Fully Paid Ordinary Shares	50,000

COMPANY SECRETARY

The following person held the position of company secretary for the 12 months ended 28 February 2009:

Ms Melanie Leydin	Company Secretary
Qualifications	B.Bus CA
Experience	Ms Leydin is a Chartered Accountant and principal in a chartered accounting firm specialising in audit and company secretarial services. Ms Leydin has 15 years experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Stock Exchange.

MEETING OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors during the 12 months ended 28 February 2009 and the number of meetings attended by each Director. During the 12 months ended 28 February 2009 6 board meetings were held.

Director	Full Meetings of Directors	
	Held	Attended
Mr Frederick L Hunt	6	6
Mr Hamish Hunt	6	6
Mr John G Miedecke	6	6

DIRECTORS' REPORT (CONT'D)

Share options on issue at year end or exercised during the year:

Details of unissued ordinary shares of the Company under option at the date of this report are as follows:

Item	Number of Shares under option	Exercise Price of options	Expiry Date of Options
Unlisted Options (B)	1,094,083	\$0.20	31 August 2009

The holder of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the company.

During the 12 months ended 28 February 2009 and up to the date of this report 1,094,083 options (B) were issued under the company's rights issue.

During the 12 months ended 28 February 2009 and up to the date of this report 983,700 options (A) were exercised. 741,000 of these options were converted to partly paid shares of \$0.075.

During the 12 months ended 28 February 2009 217,700 options (A) were exercised at an exercise price of \$0.125 raising \$27,212.50.

OPERATING RESULTS

The consolidated loss of Mount Rommel Mining Limited and Controlled Entity after providing for income tax was \$286,420.

ENVIRONMENTAL AND OTHER REGULATIONS

The economic entity's operations are regulated by environmental regulation under the laws of the State of Victoria. The State of Victoria require the tenement holder to comply with certain terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the entity's tenement conditions, and no such breaches have been notified by any government agencies during the 12 months ended 28 February 2009.

The Company holds an approval from Heritage Victoria for 'consent to disturb' as a first step in the exploratory development at Clunes.

NON-AUDIT SERVICES

The Directors are satisfied that were it required, the provision of non-audit services, during any year by the auditor (or by another person or firm on the auditor's behalf) would be compatible with the general standards of independence for auditors imposed by the Corporations Act 2001.

There were no non-audit services provided by the Company's auditor during the 12 months ended 28 February 2009.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at Page 5.

Signed in accordance with a resolution of the Board of Directors.



Frederick L Hunt
Director

4 May 2009

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF MOUNT ROMMEL MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 28 February 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne: *4 May* 2009

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

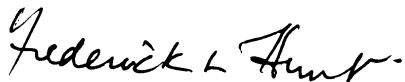
DIRECTORS' DECLARATION

The directors declare that:

1. The financial statements and notes, as set out on pages 9 to 29.
 - (a) comply with accounting standards and are in accordance with the Corporations Act 2001, and
 - (b) give a true and fair view of the financial position as at 28 February 2009 and performance for the 12 months ended on that date of the company; and
2. The Chief Executive Officer and Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the 12 months ended 28 February 2009 have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the 12 months ended 28 February 2009 comply with the Accounting Standards; and
 - (c) the financial statements and notes for the 12 months ended 28 February 2009 give a true and fair view.
3. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors



Frederick L Hunt
Director

4 May 2009

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MOUNT ROMMEL MINING LIMITED**

Report on the financial report

We have audited the accompanying financial report being a special purpose financial report of Mount Rommel Mining Limited (the company) and Mount Rommel Mining Limited and controlled entities (the consolidated entity), which comprises the balance sheet as at 28 February 2009, and the income statement, statement of changes in equity and cash flow statement for the 12 months ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the 12 months period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the purpose for which this financial report is issued. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the purpose for which the financial report is issued. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for inclusion in an Offer Information Statement. We disclaim any assumption of responsibility for any reliance on the report or on the financial report for any purpose other than that to which it relates for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
MOUNT ROMMEL MINING LIMITED**

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion, the financial report of Mount Rommel Mining Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's and consolidated entity's financial position as at 28 February 2009 and of their performance for the 12 months ended on that date in accordance with the accounting policies described in Note 1;
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Note 1 and the Corporations Regulations 2001;

MSI Ragg Weir

MSI RAGG WEIR
Chartered Accountants

L.S. Wong

L.S. WONG
Partner

Melbourne

5 May 2009

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

INCOME STATEMENT
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009

	Note	CONSOLIDATED ENTITY 2009 \$
Other Revenue	2	6,222
Administrative expenses		(71,722)
Corporate costs		(106,766)
Finance costs		(784)
Exploration and evaluation expenses written off		(73,517)
Directors' remuneration		(37,500)
Depreciation		(2,353)
Loss before income tax	3	(286,420)
Income tax expense	4	-
Loss after income tax		<u>(286,420)</u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

BALANCE SHEET
AS AT 28 FEBRUARY 2009

	Note	CONSOLIDATED ENTITY 2009 \$
Current Assets		
Cash and cash equivalents	7	45,829
Trade and other receivables	8	3,350
Other current assets	9	9,000
Total Current Assets		<u>58,179</u>
Non Current Assets		
Property, plant and equipment	10	5,436
Other non-current assets	11	2,093,391
Total Non-Current Assets		<u>2,098,827</u>
Total Assets		<u>2,157,006</u>
Current Liabilities		
Trade and other payables	12	25,115
Borrowings	13	95,525
Total Current Liabilities		<u>120,640</u>
Net Assets		<u><u>2,036,366</u></u>
Equity		
Issued Capital	14	3,208,720
Accumulated losses		<u>(1,172,354)</u>
Total Equity		<u><u>2,036,366</u></u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009

	Attributable to equity holders of the parent		
CONSOLIDATED	Issued Capital \$	Accumulated Losses \$	Total \$
At 1 March 2008	3,025,933	(885,934)	2,139,999
Loss for the period	-	(286,420)	(286,420)
Total recognised income and expense for the year	3,025,933	(1,172,354)	1,853,579
Issue of Shares	198,947	-	198,947
Costs of Capital Raising	(16,160)	-	(16,160)
At 28 February 2009	3,208,720	(1,172,354)	2,036,366

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

STATEMENT OF CASH FLOWS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009

	Note	CONSOLIDATED ENTITY 2009 \$
Cash Flows From Operating Activities		
Payments to suppliers and employees		(269,567)
Interest received		<u>6,222</u>
Net cash used in operating activities		<u>(263,345)</u>
Cash Flows From Investing Activities		
Exploration expenditure		(271,107)
Payment for property, plant and equipment		<u>(2,600)</u>
Net cash used in investing activities		<u>(273,707)</u>
Cash Flows From Financing Activities		
Proceeds from the issue of shares		168,947
Payments of share capital costs		(16,160)
Proceeds from shareholder loans		90,000
Repayment to related parties		<u>(4,003)</u>
Net cash provided by financing activities		<u>238,784</u>
Net Increase (Decrease) in Cash Held		(298,268)
Cash and cash equivalents at the beginning of the year		<u>344,097</u>
Cash and cash equivalents at the end of the year	7	<u>45,829</u>

The accompanying notes form part of these financial statements.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

Mount Rommel Mining Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the National Stock Exchange of Australia.

Statement of compliance

The special purpose financial report includes the consolidated financial statements and notes of Mount Rommel Mining Limited and controlled entities.

Basis of Preparation

The financial report is a special purpose financial report which has been prepared for inclusion in the Offer Information Statement (OIS).

It has been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001 except for:

- | | | |
|-------------|--|---|
| - AASB 101: | Presentation of Financial Statements | - non disclosure of comparative figures |
| - AASB 127: | Consolidated and Separate Financial Statements | - non disclosure of the parent entity's financial statements. |
| - AASB 107: | Cash Flow Statements | - non disclosure of reconciliation of cash flow arising from operating activities to profit or loss |
| - AASB 133: | Earnings Per Share | - non disclosure of earnings per share |

The directors do not believe that the above are necessary for the purpose for which this financial report has been prepared. The financial year end of the company is the 30 June each year.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the Directors on 5 May 2009.

Basis of preparation

The financial report has been prepared on the basis of historical cost except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies set out below have been applied in preparing the financial statements for the 12 months ended 28 February 2009.

Comparative Figures

The Company and its controlled entities (Group) has not disclosed comparative figures as it is not required and the director's do not believe that these figures will influence the report.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)

Going Concern

The Group has accumulated losses of \$1,172,354 and a net current asset deficiency of \$62,461 at 28 February 2009. Notwithstanding the above, the directors believe that the Group will be successful in its future operations and has accordingly prepared the financial report on the going concern basis. The directors are of the opinion that no asset is likely to be realised for an amount less than that recorded in the financial report at 28 February 2009 and as such no adjustment have been made to the financial report relating to the recoverability of assets and classification of the assets and liabilities that might be necessary should the Group not continue as a going concern.

The directors have based their opinion on the following:

- the Group will be able to obtain continuing support from shareholders to fund its future operations.

Adoption of new and revised Accounting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period to the extent stated above. The Group has also adopted the following standards as listed below which impacted on the Group's financial statements with respect to disclosure.

- AASB101 'Presentation of Financial Statements (revised September 2007)'
- AASB7 'Financial Instruments Disclosure'.

Principal of Consolidation

A controlled entity is any entity Mount Rommel Mining Limited has the power to control the financial and operational policies of so as to obtain benefits from its activities.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operational results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

Significant accounting policies

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

(b) Financial instruments issued by the company

Transaction costs on the issue of equity instruments

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instruments or component parts of compound instruments.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)

(e) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

(f) Exploration Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to exploratory development.

(g) Financial Assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Subsequent to initial recognition, investments in subsidiaries are measured at cost in the company financial statements. Subsequent to initial recognition, investments in associates are accounted for under the equity method in the consolidated financial statements and the cost method in the Group financial statements.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

(g) Financial Assets continued

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed at each balance sheet date for indicators of impairment. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Share-Based Payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled share-based payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the financial statements in respect of the other equity-settled share-based payments.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the present date, no such obligation exists.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Interest Revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

(k) Standards and Interpretations issued not yet effective

At the date of authorisation of the financial report, the Standards and Interpretation listed below were in issue but not yet effective.

Initial application of the following Standards will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group financial report:

- | | |
|---|---|
| • ASB 101 'Presentation of Statements' (revised September 2007) | Effective for annual reporting periods beginning on or after 1 January 2009 |
|---|---|

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

- | | |
|--|---|
| • AASB 123 'Borrowing Costs' (revised) | Effective for annual reporting periods Beginning on or after 1 January 2009 |
| • AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation | Effective for annual reporting periods beginning on or after 1 January 2009 |

The potential effect of the initial application of the expected issue of an Australian equivalent accounting standard to the following Standard has not yet been determined:

- | | |
|--|--|
| • IFRS 3 'Business Combinations' and IAS 27 'Separate and Consolidated Financial Statements' | Effective for annual reporting periods beginning on or after 1 July 2009 |
|--|--|

Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 1, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affect both current and future periods.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)

CONSOLIDATED
ENTITY
2009
\$

2. REVENUE

Non-operating activities	
Interest revenue – other entities	<u>6,222</u>

3. PROFIT/(LOSS) FOR THE YEAR

Profit/(loss) for the year has been arrived at after crediting/(charging) the following gains and losses:

Exploration expenses	
Exploration expenses written off	<u>73,005</u>
Employee benefits expense	
Directors fees	<u>37,500</u>
Write off of subsidiary loan receivable	<u>-</u>
Interest paid on director related loan	<u>784</u>

4. INCOME TAX EXPENSE

a) The components of Tax Expense comprise:

Current Tax	-
Deferred Tax	<u>-</u>
	<u>-</u>

b) The prima facie tax on profit from ordinary activities before income Tax is reconciled to the income tax as follows:

Prima Facie Tax Payable on Profit from ordinary activities before income tax at 30%:	<u>(286,420)</u>
	(85,926)

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)

	CONSOLIDATED ENTITY 2009 \$
4. INCOME TAX EXPENSE (Continued)	
Add tax effect of:	
- Various Permanent Differences	-
- Other timing differences	-
- Intercompany Loan Write-Off	-
- Exploration Expenditure Written Off	21,902
	(64,024)
Less tax effect of:	
- Capitalised Deductible Exploration Expenditure	(111,179)
- Equity raising costs not recognised	(10,395)
- Other timing differences	(150)
	(185,748)
Add: Income tax losses not taken up as a deferred tax asset.	185,748
	-
Income Tax Expense/(Benefit)	-
Future income tax benefits not brought to account. The following benefits will only be realised if:	
(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised.	
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law and	
(iii) no changes in tax legislation adversely affect the consolidated entity in realising the benefit From the deductions for the losses.	
- Tax losses	927,143
- Timing Differences	(601,768)
	325,375

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

5. KEY MANAGEMENT PERSONNEL COMPENSATIONS

a) Names and positions held of economic and parent entity key management personnel in office at any time during the 12 months ended 28 February 2009.

Mr F Hunt	Chairman, Executive Director
Mr H Hunt	Non-Executive Director
Mr John G Miedecke	Non-Executive Director

b) Key Management Personnel Compensation for the 12 months ended 28 February 2009

The aggregate compensation of the key management personnel of the consolidated entity and the company is set out below:

	Consolidated Entity 2009 \$
Short-term employment benefits – directors duties	37,500
Short-term employment benefits – consulting fees	37,500
Post-employment benefits	-
Other long-term benefits	-
Termination benefits	-
Share based payments	-
	75,000

c) Option holding by Key Management Personnel

	Balance 1/03/2008	Granted as Remuneration	Options Exercised/ Lapsed	Purchased	Balance 28/02/2009	Total Vested
Mr F Hunt	100,000	-	-	-	-	100,000
Mr H Hunt	-	-	-	-	-	-
Mr J Miedecke	-	-	-	-	-	-
	100,000	-	-	-	-	100,000

	Total Exercisable	Total Unexercisable
Mr F Hunt	100,000	-
Total	100,000	-

d) Share holdings by Key Management Personnel

	Balance 1/03/2008	Received as Remuneration	Options Exercised	Net Change Other	Balance 28/02/09
Mr F Hunt	2,585,814	-	-	-	2,585,814
Mr H Hunt	841,339	-	-	-	841,339
Mr J Miedecke	50,000	-	-	-	50,000
	3,477,153	-	-	-	3,477,153

MOUNT ROMMEL MINING LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

**CONSOLIDATED
ENTITY
2009
\$**

6. AUDITORS REMUNERATION

Auditing or reviewing the financial report:
- MSI Ragg Weir

15,250
15,250

7. CASH AND CASH EQUIVALENTS

Cash at bank
Short term deposits

22,881
22,948
45,829

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:

Cash and cash equivalents	45,829
---------------------------	---------------

8. TRADE AND OTHER RECEIVABLES

GST receivable

3,350

9. OTHER CURRENT ASSETS

Prepayments
Security bonds

4,000
5,000
9,000

10. PROPERTY PLANT AND EQUIPMENT

Freehold land – at cost ⁽¹⁾

2,600

Office equipment
Less: Accumulated depreciation

5,189
(2,353)
2,836

Property, plant and equipment

5,436

⁽¹⁾ Purchase of 2 tenant in common interests (Clunes)

Movement in Carrying Value

Opening Carrying Value
Additions
Depreciation

5,189
2,600
(2,353)

Closing Carrying Value

5,436

MOUNT ROMMEL MINING LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

**CONSOLIDATED
ENTITY
2009
\$**

11. OTHER NON-CURRENT ASSETS

Costs carried forward in respect of areas
of interest in exploration and
evaluation phase

2,093,391

*Reconciliation of deferred exploration and
evaluation costs*

Balance at beginning of year
Current year expenditure
Write-off during the year

1,795,801
371,107
(73,517)

Balance at end of year

2,093,391

Recoverability of the carrying amount of exploration assets is dependent upon the successful
exploration and sale of resources.

12. TRADE AND OTHER PAYABLES

Current

Unsecured liabilities

Trade payables
Accrued expenses

18,115
7,000

25,115

13. BORROWINGS

Current

Loans from key management personnel (a)
Loans from shareholders

5,525
90,000

95,525

- (a) Amounts repayable to Director. Interest is being charged on the outstanding loan balance at 8.5% per annum
calculated on the daily balance.

MOUNT ROMMEL MINING LIMITED
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**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

**CONSOLIDATED
ENTITY
2009
\$**

14. CONTRIBUTED EQUITY

38,161,089 fully paid ordinary shares	3,153,145
741,000 partly paid ordinary shares	55,575
	<u>3,208,720</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends. Changes to the corporations' law abolished the authorised capital and par value concept in relation to the Share Capital from 1 July 1998. Therefore, the Company does not have a limited amount of authorised capital and issued shares do not have a par value.

	No. of Shares	\$
Balance at 1 March 2008	37,143,389	3,025,933
Issue of shares	1,017,700	127,212
Balance 28 February 2009	38,161,089	3,153,145

(b) Partly paid ordinary shares

	No. of Shares	\$
Balance at 1 March 2008	-	-
7.5 cent call on partly paid shares	741,000	55,575
Balance at 28 February 2009	741,000	55,575

15. COMMITMENTS FOR EXPENDITURE

(a) Exploration Tenements – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the Consolidated entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

Not later than one year	-
Later than one year but not later than five	-
Later than five years	-
	<u>-</u>

16. SEGMENT REPORTING

The company operated predominately as an explorer for base and precious metals, within Australia.

MOUNT ROMMEL MINING LIMITED
ACN 005 583 031

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

17. RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favorable than those available to other parties unless otherwise stated.

Transactions with controlled entities

During the year Mount Rommel Mining Limited, in the normal course of business, entered into transactions with its controlled entities, Bonshaw Gold Pty Ltd.

Transactions with Director Related Entities

	CONSOLIDATED ENTITY 2009 \$
Loan from Frederick L Hunt	<u>5,525</u>
The loan is unsecured with no defined repayment attracting an interest rate of 8.5% p.a. on the daily balance. The loan represents funds advanced by the director to ensure that the company is able to continue as a going concern and pay its debts as and when they fall due.	
Loan interest accrued and included in the above balance for the 12 months to 28 February 2009.	<u>784</u>
Rent paid to BHM Stainless Group Pty Ltd	<u>9,000</u>
Hamish Hunt is a director and shareholder in the company BHM Stainless Group Pty Ltd that receives income in relation to the provision of administration services and offices to the company, on a casual monthly basis.	

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk. Other minor risks are summarised below. The Board reviews and agrees policies for managing each of these risks.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Cash flow interest rate risk

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Group has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

		Float Interest Rate	Fixed Interest	Non- Interest Bearing	Total Carrying Amount	Interest Rate Risk Sensitivity	
		\$	\$	\$	\$	-10% \$	+10% \$
28 February 2009							
Financial Assets							
Cash at bank	7	45,829	-	-	45,829	(160)	160
Trade and other	8						
receivables		-	-	3,350	3,350	-	-
Other current assets	9	-	-	9,000	9,000	-	-
Total		45,829	-	12,350	58,179		
Weighted average		5.86%					
interest rate							
Financial Liabilities							
Trade and other	12	-	-	25,115	25,115	-	-
payables							
Borrowings	13	-	95,525	-	95,525	-	-
Total		-	95,525	25,115	120,640	-	-
Weighted average		8.0%					
interest rate							
Net Financial Assets							
(liabilities)		45,829	(95,525)	(12,765)	(62,461)	(160)	160

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% sensitivity would move short term interest rates at 28 February 2009 from 5.86% to 6.28% representing a 58 basis points shift. This would represent two to three decreases which is reasonably possible in the current environment with the bias coming from the Reserve Bank of Australia and confirmed by market expectations that interest rates in Australia are more likely to move down than up in the coming period.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and through the continuous monitoring of budgeted and actual cash flows.

Financial Assets

The following tables detail the Group's expected maturity for its non-derivative financial assets.

	Consolidated 2009 \$
Contracted maturities of receivables:	
Receivable:	
-less than 6 months	3,350
-6-12 months	-
-1-5 years	-
- later than 5 years	-
Total	<u>3,350</u>

Financial Liabilities

The following tables the Group's remaining contractual maturity for its non-derivative financial liabilities.

	Consolidated 2009 \$
Contracted maturities of payables for the 12 months ended 28 February 2009:	
Payable:	
-less than 6 months	
-6 to 12 months	25,115
-1 to 5 years	-
-later than 5 years	-
Total	<u>25,115</u>

(c) Net Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. The Group has no financial assets where carrying amount exceeds net fair values at balance date.

The Group's receivables at balance date are detailed in Note 8 and Note 9.

The credit risk on financial assets of the Group which have been recognised on the Balance Sheet is generally the carrying amount.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2009 (CONT'D)**

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Capital Risk Management

When managing capital, management's objectives is to ensure the Group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also maintain a capital structure that ensures the lowest cost of capital available to the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholder, issue new shares, enter into joint ventures or sell shares.

The Group does not have a defined share buy-back plan.

No dividends were paid in 2009 and no dividends are expected to be paid in 2010.

There is no current intention to incur debt funding on behalf of the Group as on-going exploration expenditure will be funded via equity or joint ventures with other companies.

The Group is not subject to any externally imposed capital requirements.

Management reviews management accounts on a monthly basis and reviews actual expenditure against budget on a quarterly basis.

19. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest 2009 %
<u>Parent Entity</u> Mount Rommel Mining Limited	Australia	
<u>Subsidiaries</u> Bonshaw Gold Pty Ltd	Australia	100

20. AFTER BALANCE DATE EVENTS

There has not been any matter or circumstance that has arisen since the end of the year, that has significantly affected or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years other than:

- On 27 April 2009, before the Victorian State Mining Warden, the Company formally settled terms of occupancy on MIN 5492 (Glenfine) as both parties reached accord as to the terms of full and final settlement of Glenfine landowner compensation. The amount of such compensation was \$60,000. Settlement of the compensation is contingent as a successful capital raising and accordingly the compensation amount was not recognised as a liability at 28 February 2009.

21. CONTINGENT LIABILITIES

No contingent liabilities existed at the reporting date except under tenement licenses where the Group is required to rehabilitate each license area to its original state prior to any exploration works.

SECTION 16
SHORTFALL APPLICATION FORMS

SHORTFALL APPLICATION FORM: THIS APPLICATION FORM MUST BE EXECUTED BY THE APPLICANT

SUBSCRIPTION FOR PREFERENCE SHARES IN MOUNT ROMMEL MINING LTD ACN 005 583 031 "Company")
INSTRUCTIONS FOR A TO I ARE SET OUT ON THE REVERSE OF THIS APPLICATION FORM - PLEASE USE BLOCK LETTERS
Print full name (given name then surname) or Company name (include ACN / ABN) - see the guide on the reverse of this Application Form.

A			
B	JOINT APPLICANT NO 2 OR ACCOUNT DESIGNATION		
C	ADDRESS		
	SUBURB/TOWN	STATE	POSTCODE
D	EMAIL ADDRESS (IF APPLICABLE)		OCCUPATION
E	CONTACT NAME	TELEPHONE WORK	TELEPHONE HOME
F	DATE/ / 2009		
G	I/WE APPLY FOR	NO OF PREFERENCES SHARES APPLIED FOR	AGGREGATE APPLICATION MONIES FOR SHARES APPLIED FOR A\$
CHEQUE DETAILS			
H	DRAWER	BANK	BRANCH
			AMOUNT (\$1,000 PER PREFERENCE SHARE) \$

x

PIN YOUR CHEQUE HERE. CHEQUES SHOULD BE PAYABLE TO: **"MOUNT ROMMEL MINING LIMITED - ACCOUNT No.2"**

I

THIS APPLICATION FORM MUST BE EXECUTED BY THE APPLICANT

By completing and forwarding this Application Form together with the Application monies to the Company, the Applicant subscribes for the number of Preference Shares specified in this Application Form on the bases set out in the OIS to which this Application Form is attached and on the terms and conditions set out below and agrees to be bound by the acknowledgments and declarations set out below and by the Constitution of the Company and authorises the Company and each of its directors to complete or amend this Application Form where necessary to correct any errors or omissions. The Applicant further applies for that number of ordinary shares which may be issued to the Applicant under Clause 10(a)(i) of the terms of issue of the Preference Shares and the Applicant consents to the Applicant's name being placed on the Register of Members of the Company in relation to all such ordinary shares issued to it. The Applicant declares, acknowledges and agrees that the Applicant has been provided with the OIS attached hereto and that the Applicant and that the Applicant has read and understood **"BUSINESS AND INVESTMENT RISKS"** in Section 9 of the OIS, and has also read, understood and covenants, represents, warrants and acknowledges to the Company and separately as a deed poll to and in favour of each of its Directors and officers as set out in Section 6 of the OIS under the heading **"APPLICANT'S ACKNOWLEDGMENTS, COVENANTS AND WARRANTIES"** and has read and understood the **"IMPORTANT MATTERS FOR CONSIDERATION"** on the reverse hereof.

Execution by Applicant

Holder 1/ Director **or** Sole Director and
Sole Company Secretary (delete one)

Holder 2

Companies



Holder 3/ Director / Company Secretary
(delete as applicable)

Holder 4/ Director / Company Secretary
(delete as applicable)

J	TAX FILE NUMBER (TFN) or exemption category (for each Applicant resident in Australia) (not compulsory)
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IMPORTANT MATTERS FOR CONSIDERATION AND GUIDE TO THE APPLICATION FORM

IMPORTANT MATTERS FOR CONSIDERATION

If you have any questions on how to complete this Application Form or on the meaning or consequences of any of the declarations and acknowledgements given under item I on the front of this Application Form, you should contact your stockbroker, solicitor, accountant or financial or other professional adviser and not subscribe for any Preference Shares until you have received professional advice on which you are satisfied you can rely. You should note that any investment in the Preference Shares in the Company is speculative and you should ensure that your information needs are satisfied and that any information supplied to you by the Company or available to you from ASIC is sufficient for that purpose and that, before making any decision to subscribe you have had a full opportunity provided to you both to assess that information and to make your own additional enquiries in relation thereto to substantiate or repudiate the accuracy or otherwise of such information.

Before you subscribe for Preference Shares you should generally also satisfy yourself as to the assets and liabilities, financial position and performance, profits and losses and prospects of the Company. You need to be aware that the Company is raising limited funds, that the market for the preference Shares is likely to be illiquid and that you may lose the entire value of any investment made by you. You should ensure that you have been provided with the OIS and that you have read the OIS carefully and that you have obtained access to further documents as referred to in the OIS from NSX or from the Company. Those documents each contain information relating to the Company and risks of investment as well as other relevant information.

You should understand that, under the terms of this Application Form and the terms of the OIS and to the maximum extent possible at law, you release the Company and its directors, officers servants and agents from any liability for any loss you may suffer as a result of making any investment in the Company. This exclusion of liability is subject to any mandatorily applicable provisions of any laws which prevent or prohibit persons contracting out of liability for their actions.

If after considering the matters referred to above and your personal risk profile and investment parameters, and receiving appropriate professional advice, you wish to subscribe for any Preference Shares then complete this Application Form in accordance with these instructions.

GUIDE TO COMPLETION OF THE APPLICATION FORM

Please complete all relevant sections of the Application Form using BLOCK LETTERS. Please post or deliver the completed Application Form with the full Subscription Moneys for your Application to either:

The Company Secretary Mount Rommel Mining Limited Suite 304, 22 St Kilda Road St Kilda Victoria 3182	OR	Link Market Services Limited Level 1 333 Collins Street Melbourne Victoria 3000
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to arrive at that address by not later than 5.00 pm (AEST) on the Closing Date. Please:

- A. **Write FULL NAME of the Purchaser in Box A.** This must be your name or the name of a company (include ACN or ABN). Refer to the bottom of this page for the correct forms of name that can be registered. Applications with incorrect form of name may be rejected. If your Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid by the Company. Any decision by the Company as to whether to treat your Application to subscribe for Preference shares as valid, and how to construe, amend or complete it, shall be final. You will not however be treated as having offered to subscribe for more Preference Shares than is indicated by the amount of the accompanying cheque for the Application Moneys referred to in Box H.
- B. **If you are applying as JOINT PURCHASERS**, complete Boxes A and B. You should refer to the bottom of this page for instructions on the correct form of name. Provision is made for 2 Joint Applicants to register.
- C. **Enter your POSTAL ADDRESS** for all correspondence. All communications to you from the Company or the Share Registry (shareholding statements, dividend cheques, annual/interim reports, correspondence, etc) will be mailed to the person(s) and address as shown. For Joint Applications, only one address can be entered.
- D. **Please provide your EMAIL ADDRESS** for all correspondence that can be communicated to you via electronic mail. Where no email address is provided, your postal address will be used. In addition, please provide details of your occupation.
- E. **Please provide a TELEPHONE NUMBER** and contact name in case we need to contact you in relation to your Application.
- F. **Please COMPLETE DATE.**
- G. **Insert NUMBER OF PREFERENCE SHARES you are subscribing for and fill in the aggregate purchase price at One Thousand dollars (\$1,000.00) per Preference Share.**
- H. **Please complete CHEQUE DETAILS.** Cheques must be drawn on an Australian bank in A\$ and made payable to **"MOUNT ROMMEL MINING LIMITED - ACCOUNT NO.2"** and crossed "Not Negotiable". Separate cheques must accompany each Application Form lodged.
- I. **The Application Form must be signed.**
- J. **Enter your TAX FILE NUMBER (TFN)** or exemption category. As applicable, enter a TFN for all Joint Purchasers. Collection of TFNs is authorised by tax laws but **quotation of your TFN is not compulsory and will not affect your Application.**

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold Securities. Application must be in the name(s) of a natural person(s), companies or other legal entities acceptable to The Company. At least one full given name and the surname are required for each natural person. Applications cannot be made by persons less than 18 years of age. Examples of the correct form of registrable title are set out below.

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual	John David Smith	J D Smith
Company	John Smith Fresh Foods Pty Ltd ACN 123 456 789	John Smith Fresh Foods
Trusts	John David Smith (Smith Family Trust A/C)	John Smith Family Trust
Deceased Estates	Michael Peter Smith (Est. John Smith d.)	John Smith (Deceased)
Partnerships	John David Smith and Michael Peter Smith	John Smith & Son
Clubs/Unincorporated Bodies	John David Smith (Smith Investment Club A/C)	Smith Investment Club
Superannuation Funds	John Smith Pty Ltd (Superannuation Fund A/C)	John Smith Superannuation Fund.